



Consolidated Financial Statements
for the year ended 30 June 2018

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

General Information

Nature of business and principal activities

Greater Tzaneen Municipality is a local municipality performing the functions as set out in the constitution (Act no 105 of 1996).

Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.

Jurisdiction within which the Municipality operates

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality Area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardsdal in the South.

Executive committee

Mayor

Members of the Executive Committee

Councillor M. Mangena

Councillor M. Mangena

Councillor TT. Maunatlala (Finance)

Councillor M. Letsoalo (Sports, Recreation, Art and Culture)

Councillor G. Ntimbane (Infrastructure)

Councillor M. Hlangwane (Health, Environment and Social Development)

Councillor S. Tiba (Economic Development, Housing and Spatial Development Plan)

Councillor C. Machimana (Public Transport and Safety and Security)

Councillor S. Mbhalati (Corporate Gov. and Share Services)

Councillor DJ. Mmetle (Speaker)

Councillor C. Nhemo (Chief Whip)

Councillor M. Prinsloo (Exco)

Councillor S. Sekwela (Exco)

Ordinary Councillors

Councillor DJ. Mmetle (Speaker)

Councillor MG. Mangena (Mayor)

Councillor CS. Nhemo (Chief Whip)

Councillor MM. Letsoalo

Councillor C. Machimana

Councillor TT. Maunatlala

Councillor NJ. Mbhalati

Councillor GE. Ntimbane

Councillor M. Prinsloo

Councillor MM. Sekhwela

Councillor MS. Tiba

Councillor ML. Hlangwane

Councillor MS. Baloyi

Councillor J. Banyini

Councillor OK. Banyini

Councillor PW. Cronje

Councillor DG. Kgafane

Councillor MR. Kgatla

Councillor LK. Lepulana

Councillor MJ. Maake

Councillor MH. Mafokwane

Councillor NM. Mahasha

Councillor JT. Makhubele

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Councillor GP. Makhubele
Councillor MM. Makwala
Councillor SC. Makwala
Councillor MA. Makwela
Councillor MM. Makwela
Councillor TE. Malatji
Councillor GM. Malatji
Councillor DO. Malamela
Councillor SM. Mapiitja
Councillor SP. Masetla
Councillor NA. Masila
Councillor NP. Mathebula
Councillor MM. Mathekga
Councillor TL. Matita
Councillor NG. Maunatlala
Councillor MF. Mbhalati
Councillor TJ. Mcclintock
Councillor DG. Mkhabele (MPAC Chariperson)
Councillor MF. Mochabela
Councillor F. Mohlaba
Councillor SN. Mohonone
Councillor MJ. Makgoloboto
Councillor MC. Morwatshehla
Councillor T. Mpenyana
Councillor NG. Mukansi
Councillor TH. Mushwana
Councillor ET. Ngobeni
Councillor SE. Ngobeni
Councillor JL. Ngobeni
Councillor MC. Nkwashu
Councillor N. Nkwashu
Councillor ME. Phakula
Councillor RE. Pohl
Councillor ML. Pudikabekwa
Councillor MS. Rakganya
Councillor PJ. Ramodipa
Councillor SB. Ramoshaba
Councillor O. Raolane
Councillor KI. Rapatsa
Councillor RS. Rapitsi
Councillor JM. Ratopola
Councillor CT. Shisinga
Councillor O. Sithole
Councillor NH. Zandamela

Grading of local authority

Grade 4: High Capacity

Chief Finance Officer (CFO)

Mikateko Palesa Makhubela

Accounting Officer

Bartholomew Serapelo Matlala

Greater Tzaneen Municipality

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General Information

Registered office	38 Agatha Street Civic Center Tzaneen 0850
Business address	38 Agatha Street Civic Center Tzaneen 0850
Postal address	PO Box 24 Tzaneen 0850
Bankers	ABSA
Website address	www.tzaneen.gov.za
Audit committee	SAB Ngobeni (Chairperson) HN Masedi L Lankalebalela JM Mofokeng
Level of rounding	Rounding to the nearest Rand
Auditor	Auditor General of South Africa (AGSA) Polokwane Office Telephone number: 015 283 9338

Greater Tzaneen Municipality

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GTEDA	Greater Tzaneen Economic Development Agency
RAL	Roads Agency Limpopo
VAT	Value Added Tax

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the consolidated financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated financial statements and was given unrestricted access to all financial records and related data.

The consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated financial statements are prepared on the basis that the municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, the municipality's external auditors are responsible for expressing an opinion on the financial statements.

The consolidated financial statements set out on pages 7 to 143, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 September 2018 and were signed on its behalf by:

B.S Matlala
Municipal Manager

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Introduction

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipality Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

2. Operational responsibility

It is the responsibility of the municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2018 in accordance with applicable legislation which includes the standards of GRAP.

In an attempt to obtain a clean audit opinion for the 2017/2018 financial year the municipality has institutionalised the concept of operation clean audit (OPCA) to the extent that a compliance officer has been appointed and weekly meetings are held by the municipality's audit steering committee to address previous audit findings and year-end activities.

3. Review of operating results

This review highlights the municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Overview of the municipality's results:

The municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the annual financial statements.

The statement of financial performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 132 278 705 to R 1 127 032 508 while the operating expenditure increased from R 1 117 996 053 to R 1 196 730 556.

The municipality reported a net operating deficit of R (85 178 109) for the financial year under review, (2017 R 13 902 143).

The main revenue sources of the municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies

Whilst the highest expenditure items are:

- Employee related costs;
- Bulk purchases and
- Repairs and maintenance

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors as at 30 June 2018 amounts to R 426 306 197 (2017: R 365 669 046) of which R 290 964 814 (2017: R 258 633 918) were impaired. Indigent debtors to the amount of R 9 978 766 (2017: R -) have been written off as uncollectable. The total provision for impairment amounts to R 290 964 814 (2017: R 258 633 918).

Unspent conditional grants and receipts decreased from R 20 340 229 in the previous financial year to R 2 924 848 in the current financial year with a 100% spending on the Municipal Infrastructure Grant.

With regards to expenditure management the cost containment measures approved by cabinet on 23 October 2013 has been annually updated from 2014/2015 through the budget process and are being complied with.

Greater Tzaneen Municipality

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Accounting Officer's Report

The actual expenditure amounts to R 1 196 730 556 compared to the budgeted amount of R 1 125 579 287. The overspending is largely due to overspending on the following votes:

- Provision for bad debt
- Roads transferred to RAL
- Legal fees.

The expenditure amount includes R 285 057 089 for salaries, R 45 099 411 for repairs and maintenance and R 325 455 992 for the purchase of bulk electricity.

The 2017/2018 budget of the municipality was amended by means of three adjustment budgets through the financial year.

- Adjustment budget approved by Council on 27 February 2018
- Adjustment budget approved by Council on 25 May 2018 to accommodate an additional MIG transfer of R 5.8 million.
- Adjustment budget approved by Council on 31 July 2018 to accommodate an amount of R 230 000 price money for the Greenest Town Competition allocated by the Department of Economic Development, Environmental and Tourism.

The outstanding loans which have been taken-up to finance capital projects amount to R 101 901 212 (2017: R 119 737 243) and the detail of this amount is contained in Note 12 and Appendix A.

4. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the municipality.

5. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

6. Accounting Officer

The Accounting Officers of the municipality for the year under review were as follows:

Name	Nationality
B Mathebula (July)	South African
MS Lelope (August to October)	South African
MS Lelope (November to January)	South African
W Shibamba (February to April)	South African

The Accounting Officer of the municipality at the date of this report is:

Name	Nationality
BS Matlala	South African

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Report of the Auditor General

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Assets					
Current Assets					
Inventories	3	19 164 420	14 753 202	19 164 420	14 753 202
Other financial assets	4	2 447 886	2 669 089	2 447 886	2 669 089
Operating lease asset	5.2	173 356	149 816	173 356	149 816
Receivables from exchange transactions	6	252 898 146	220 822 902	252 892 821	220 788 584
Receivables from non-exchange transactions	5.1	43 961 106	75 870 945	43 961 106	75 870 945
Consumer debtors	7	135 341 383	107 035 128	135 341 383	107 035 128
Cash and cash equivalents	8	8 056 079	32 550 519	7 490 665	31 839 163
		462 042 376	453 851 601	461 471 637	453 105 927
Non-Current Assets					
Investment property	9	183 057 053	173 182 753	183 057 053	173 182 753
Property, plant and equipment	10	1 502 069 721	1 610 594 138	1 501 923 104	1 610 522 178
Intangible assets	11	1 606 954	1 143 105	1 603 468	1 135 042
Other financial assets	4	26 887 398	25 174 277	26 887 398	25 174 277
		1 713 621 126	1 810 094 273	1 713 471 023	1 810 014 250
Total Assets		2 175 663 502	2 263 945 874	2 174 942 660	2 263 120 177
Liabilities					
Current Liabilities					
Other financial liabilities	12	9 585 798	17 075 913	9 585 798	17 075 913
Finance lease obligation	13	824 306	1 758 832	824 306	1 758 832
Payables from exchange transactions	14	207 210 583	178 667 626	207 036 225	178 361 466
VAT payable	15	38 620 553	34 713 133	36 353 082	33 376 034
Consumer deposits	16	26 858 463	23 129 384	26 858 463	23 129 384
Unspent conditional grants and receipts	17	2 924 848	20 340 228	2 924 848	20 340 228
Provisions	18	445 724	606 889	445 724	606 889
		286 470 275	276 292 005	284 028 446	274 648 746
Non-Current Liabilities					
Other financial liabilities	12	92 315 414	102 661 330	92 315 414	102 661 330
Finance lease obligation	13	602 667	3 558 300	602 667	3 558 300
Employee benefit obligation	19	83 821 523	84 223 104	83 821 523	84 223 104
Provisions	18	4 626 519	4 205 927	4 626 519	4 205 927
		181 366 123	194 648 661	181 366 123	194 648 661
Total Liabilities		467 836 398	470 940 666	465 394 569	469 297 407
Net Assets		1 707 827 104	1 793 005 208	1 709 548 091	1 793 822 770
Accumulated surplus		1 707 827 104	1 793 005 208	1 709 548 091	1 793 822 770

* See Note 59

Greater Tzaneen Municipality

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Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	20	485 060 404	447 481 234	485 060 404	447 481 234
Rental of facilities and equipment		1 781 896	1 644 365	1 781 896	1 644 365
Interest received (trading)	53	18 445 969	15 364 908	18 395 501	15 321 021
Agency services		7 988 116	6 304 686	7 988 116	6 304 686
Licences and permits		1 005 867	824 244	1 005 867	824 244
Other income	21	34 101 806	46 261 943	34 101 806	46 130 798
Interest received - investment	53	4 427 275	8 253 077	4 427 275	8 253 077
Total revenue from exchange transactions		552 811 333	526 134 457	552 760 865	525 959 425
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	22	99 289 522	80 787 849	99 289 522	80 787 849
Property rates - penalties imposed	22	8 203 616	8 157 882	8 203 616	8 157 882
Transfer revenue					
Government grants & subsidies	23	428 692 119	473 555 256	428 692 119	473 555 256
Public contributions and donations		49 272	-	49 272	-
Fines, penalties and forfeits	54	37 986 646	43 643 261	37 986 646	43 643 261
Total revenue from non-exchange transactions		574 221 175	606 144 248	574 221 175	606 144 248
Total revenue	25	1 127 032 508	1 132 278 705	1 126 982 040	1 132 103 673
Expenditure					
Employee related costs	26	285 057 089	270 103 599	282 016 255	267 338 989
Remuneration of councillors	27	25 387 968	23 265 242	24 432 412	22 457 384
Depreciation and amortisation	56	126 656 284	129 390 024	126 613 504	129 346 959
Impairment loss/ reversal of impairments	29	2 839 900	822 923	2 839 900	822 923
Finance costs	30	11 013 611	12 933 180	11 013 611	12 933 180
Debt impairment	57	116 939 753	58 399 128	116 939 753	58 399 128
Collection costs		1 770 028	421 406	1 770 028	421 406
Repairs and maintenance	31	45 099 411	35 242 643	44 932 111	35 018 927
Bulk purchases	32	325 455 992	321 519 584	325 455 992	321 519 584
Contracted services	33	48 050 548	46 904 302	48 050 548	46 904 302
Transfers and subsidies	34	113 263 619	123 608 709	113 263 619	123 608 709
General expenses	35	95 196 353	95 385 313	98 448 925	99 031 249
Total expenditure		1 196 730 556	1 117 996 053	1 195 776 658	1 117 802 740
Operating (deficit) surplus		(69 698 048)	14 282 652	(68 794 618)	14 300 933
Loss on disposal/ write off of property, plant and equipment	55	(25 924 361)	(923 404)	(25 924 361)	(923 404)
Fair value adjustments	52	10 444 300	-	10 444 300	-
Gain (loss) on disposal of stands held for sale (inventories)	55	-	542 895	-	542 895
		(15 480 061)	(380 509)	(15 480 061)	(380 509)
(Deficit) surplus for the year		(85 178 109)	13 902 143	(84 274 679)	13 920 424

* See Note 59

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Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported		1 713 076 061	1 713 076 061
Adjustments			
Prior year adjustments	59	66 027 004	66 027 004
Balance at 01 July 2016 as restated*		1 779 103 065	1 779 103 065
Changes in net assets			
Surplus for the year		13 902 143	13 902 143
Total changes		13 902 143	13 902 143
Opening balance as previously reported		1 720 988 487	1 720 988 487
Adjustments			
Prior year adjustments	59	72 016 726	72 016 726
Restated* Balance at 01 July 2017 as restated*		1 793 005 213	1 793 005 213
Changes in net assets			
Surplus for the year		(85 178 109)	(85 178 109)
Total changes		(85 178 109)	(85 178 109)
Balance at 30 June 2018		1 707 827 104	1 707 827 104
Controlling entity			
Opening balance as previously reported		1 713 903 805	1 713 903 805
Adjustments			
Prior year adjustments	59	65 998 541	65 998 541
Balance at 01 July 2016 as restated*		1 779 902 346	1 779 902 346
Changes in net assets			
Surplus for the year		13 920 424	13 920 424
Total changes		13 920 424	13 920 424
Opening balance as previously reported		1 734 494 986	1 734 494 986
Adjustments			
Prior year adjustments	59	59 327 784	59 327 784
Restated* Balance at 01 July 2017 as restated*		1 793 822 770	1 793 822 770
Changes in net assets			
Surplus for the year		(84 274 679)	(84 274 679)
Total changes		(84 274 679)	(84 274 679)
Balance at 30 June 2018		1 709 548 091	1 709 548 091

* See Note 59

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Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Cash flows from operating activities					
Receipts					
Taxation		79 408 149	69 332 452	79 408 149	69 332 452
Sale of goods and services		534 633 696	508 604 124	534 554 235	508 426 092
Grants		472 679 141	495 246 273	466 424 491	489 339 441
Interest income	53	4 427 275	8 253 077	4 427 275	8 253 077
		<u>1 091 148 261</u>	<u>1 081 435 926</u>	<u>1 084 814 150</u>	<u>1 075 351 062</u>
Payments					
Employee costs		(310 851 048)	(294 909 502)	(306 850 259)	(291 337 034)
Suppliers		(723 769 172)	(685 015 673)	(721 403 556)	(682 114 189)
Finance costs	30	(10 217 083)	(12 489 696)	(10 217 083)	(12 489 696)
Transfer of property, plant and equipment (non-cash item)	10	75 728 464	54 400 868	75 728 464	54 400 868
		<u>(969 108 839)</u>	<u>(938 014 003)</u>	<u>(962 742 434)</u>	<u>(931 540 051)</u>
Net cash flows from operating activities	36	<u>122 039 422</u>	<u>143 421 923</u>	<u>122 071 716</u>	<u>143 811 011</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(124 629 010)	(122 755 326)	(124 516 144)	(122 747 829)
Proceeds from sale of property, plant and equipment	10	2 690 581	185 000	2 691 363	185 000
Purchase of investment property	9	-	(7 141 753)	-	(7 141 753)
Sale of investment property	9	570 000	-	570 000	-
Purchase of other intangible assets	11	(1 150 797)	(631 368)	(1 150 797)	(631 368)
Proceeds from sale of financial assets		(1 491 918)	(4 757 914)	(1 491 918)	(4 757 914)
Net cash flows from investing activities		<u>(124 011 144)</u>	<u>(135 101 361)</u>	<u>(123 897 496)</u>	<u>(135 093 864)</u>
Cash flows from financing activities					
Repayment of other financial liabilities		(17 836 031)	(35 867 227)	(17 836 031)	(35 867 227)
Finance lease payments		(4 686 687)	4 619 823	(4 686 687)	4 619 823
Net cash flows from financing activities		<u>(22 522 718)</u>	<u>(31 247 404)</u>	<u>(22 522 718)</u>	<u>(31 247 404)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(24 494 440)</u>	<u>(22 926 842)</u>	<u>(24 348 498)</u>	<u>(22 530 257)</u>
Cash and cash equivalents at the beginning of the year		32 550 519	55 477 361	31 839 163	54 369 420
Cash and cash equivalents at the end of the year	8	<u>8 056 079</u>	<u>32 550 519</u>	<u>7 490 665</u>	<u>31 839 163</u>

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	532 683 153	-	532 683 153	485 060 404	(47 622 749)	Note 51
Rental of facilities and equipment	1 372 100	-	1 372 100	1 781 896	409 796	Note 51
Interest received - outstanding receivables	13 000 000	-	13 000 000	18 445 969	5 445 969	
Income form agency services	50 264 291	-	50 264 291	7 988 116	(42 276 175)	Note 51
Licences and permits	701 000	-	701 000	1 005 867	304 867	Note 51
Other income	10 235 046	-	10 235 046	34 101 806	23 866 760	Note 51
Interest received - external investment	3 501 000	-	3 501 000	4 427 275	926 275	Note 51
Total revenue from exchange transactions	611 756 590	-	611 756 590	552 811 333	(58 945 257)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	84 000 000	-	84 000 000	99 289 522	15 289 522	Note 51
Property rates - penalties imposed	6 500 000	-	6 500 000	8 203 616	1 703 616	Note 51
Transfer revenue						
Government grants & subsidies	447 127 835	21 860 308	468 988 143	428 692 119	(40 296 024)	Note 51
Public contributions and donations	-	-	-	49 272	49 272	
Fines	5 503 136	-	5 503 136	37 986 646	32 483 510	Note 51
Total revenue from non-exchange transactions	543 130 971	21 860 308	564 991 279	574 221 175	9 229 896	
Total revenue	1 154 887 561	21 860 308	1 176 747 869	1 127 032 508	(49 715 361)	
Expenditure						
Employee cost	(320 277 794)	323 943	(319 953 851)	(285 057 089)	34 896 762	Note 51
Remuneration of councillors	(25 707 949)	68 616	(25 639 333)	(25 387 968)	251 365	
Depreciation and amortisation	(128 992 469)	18 000	(128 974 469)	(126 656 284)	2 318 185	
Impairment loss/ Reversal of impairments	-	-	-	(2 839 900)	(2 839 900)	
Finance costs	(12 771 030)	-	(12 771 030)	(11 013 611)	1 757 419	Note 51
Lease rentals on operating lease	(293 096)	-	(293 096)	-	293 096	
Debt Impairment	(27 351 000)	-	(27 351 000)	(116 939 753)	(89 588 753)	Note 51
Collection costs	(400 000)	-	(400 000)	(1 770 028)	(1 370 028)	Note 51
Repairs and maintenance	(41 273 770)	(12 755 752)	(54 029 522)	(45 099 411)	8 930 111	Note 51
Bulk purchases	(345 000 000)	-	(345 000 000)	(325 455 992)	19 544 008	Note 51
Contracted Services	(49 612 372)	-	(49 612 372)	(48 050 548)	1 561 824	Note 51
Transfers and Subsidies	(39 178 999)	-	(39 178 999)	(113 263 619)	(74 084 620)	Note 51
General Expenses	(121 888 396)	(487 219)	(122 375 615)	(95 196 353)	27 179 262	Note 51
Total expenditure	(1 112 746 875)	(12 832 412)	(1 125 579 287)	(1 196 730 556)	(71 151 269)	
Operating deficit	42 140 686	9 027 896	51 168 582	(69 698 048)	(120 866 630)	
Gain / (Loss) on disposal of assets	2 200 000	-	2 200 000	(25 924 361)	(28 124 361)	Note 51

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Fair value adjustments	-	-	-	10 444 300	10 444 300	
	2 200 000	-	2 200 000	(15 480 061)	(17 680 061)	
Deficit before taxation	44 340 686	9 027 896	53 368 582	(85 178 109)	(138 546 691)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	44 340 686	9 027 896	53 368 582	(85 178 109)	(138 546 691)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	20 235 618	-	20 235 618	19 164 420	(1 071 198)	Note 51
Other financial assets	2 410 944	-	2 410 944	2 447 886	36 942	Note 51
Operating lease asset	91 164	-	91 164	173 356	82 192	Note 51
Receivables from exchange transactions	223 061 967	-	223 061 967	252 898 146	29 836 179	Note 51
Receivables from non-exchange transactions	2 604 326	-	2 604 326	43 961 106	41 356 780	Note 51
Consumer debtors	114 762 395	-	114 762 395	135 341 383	20 578 988	Note 51
Cash and cash equivalents	11 457 490	(2 510 000)	8 947 490	8 056 079	(891 411)	Note 51
	374 623 904	(2 510 000)	372 113 904	462 042 376	89 928 472	
Non-Current Assets						
Investment property	200 099 000	-	200 099 000	183 057 053	(17 041 947)	Note 51
Property, plant and equipment	1 794 632 000	22 006 396	1 816 638 396	1 502 069 721	(314 568 675)	Note 51
Intangible assets	513 482	-	513 482	1 606 954	1 093 472	Note 51
Other financial assets	23 700 000	-	23 700 000	26 887 398	3 187 398	Note 51
	2 018 944 482	22 006 396	2 040 950 878	1 713 621 126	(327 329 752)	
Total Assets	2 393 568 386	19 496 396	2 413 064 782	2 175 663 502	(237 401 280)	
Liabilities						
Current Liabilities						
Other financial liabilities	23 507 142	-	23 507 142	9 585 798	(13 921 344)	
Finance lease obligation	-	-	-	824 306	824 306	
Payables from exchange transactions	150 317 488	-	150 317 488	207 210 584	56 893 096	
VAT payable	31 050 038	-	31 050 038	38 620 553	7 570 515	
Consumer deposits	25 546 904	-	25 546 904	26 858 463	1 311 559	
Unspent conditional grants and receipts	1 415 052	-	1 415 052	2 924 848	1 509 796	Note 51
Provisions	773 638	-	773 638	445 724	(327 914)	Note 51
	232 610 262	-	232 610 262	286 470 276	53 860 014	
Non-Current Liabilities						
Other financial liabilities	129 560 818	-	129 560 818	92 315 414	(37 245 404)	Note 51
Finance lease obligation	-	-	-	602 667	602 667	
Employee benefit obligation	96 364 161	-	96 364 161	83 821 523	(12 542 638)	Note 51
Provisions	4 626 519	-	4 626 519	4 626 519	-	
	230 551 498	-	230 551 498	181 366 123	(49 185 375)	
Total Liabilities	463 161 760	-	463 161 760	467 836 399	4 674 639	
Net Assets	1 930 406 626	19 496 396	1 949 903 022	1 707 827 103	(242 075 919)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 930 406 626	19 496 396	1 949 903 022	1 707 827 103	(242 075 919)	Note 51

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation revenue	76 925 000	-	76 925 000	79 408 159	2 483 159	Note 51
Sale of goods and services	525 468 339	-	525 468 339	534 583 218	9 114 879	Note 51
Grants	439 982 000	6 030 000	446 012 000	472 679 141	26 667 141	Note 51
Interest income	11 550 700	-	11 550 700	4 477 743	(7 072 957)	Note 51
	1 053 926 039	6 030 000	1 059 956 039	1 091 148 261	31 192 222	
Payments						
Employee costs	(315 102 089)	-	(315 102 089)	(310 851 048)	4 251 041	Note 51
Suppliers	(597 499 605)	-	(597 499 605)	(723 769 172)	(126 269 567)	Note 51
Finance costs	(12 771 030)	-	(12 771 030)	(10 217 083)	2 553 947	Note 51
Transfer of property, plant and equipment	-	-	-	75 728 464	75 728 464	Note 51
	(925 372 724)	-	(925 372 724)	(969 108 839)	(43 736 115)	
Net cash flows from operating activities	128 553 315	6 030 000	134 583 315	122 039 422	(12 543 893)	
Purchase of property, plant and equipment	(140 889 514)	(28 036 396)	(168 925 910)	(124 629 792)	44 296 118	Note 51
Proceeds from sale of property, plant and equipment	2 200 000	-	2 200 000	2 691 363	491 363	Note 51
Loss on disposal of property, plant and equipment	-	-	-	(1 150 797)	(1 150 797)	Note 51
Disposal of property, plant and equipment written off	-	-	-	570 000	570 000	Note 51
Proceeds from sale of financial assets	(920 000)	-	(920 000)	(1 491 918)	(571 918)	Note 51
Net cash flows from investing activities	(139 609 514)	(28 036 396)	(167 645 910)	(124 011 144)	43 634 766	
Cash flows from financing activities						
Repayment of other financial liabilities	(23 074 597)	-	(23 074 597)	(17 836 031)	5 238 566	Note 51
Finance lease payments	(1 500 000)	-	(1 500 000)	(4 686 687)	(3 186 687)	Note 51
Long term liabilities	34 744 788	-	34 744 788	-	(34 744 788)	
Net cash flows from financing activities	10 170 191	-	10 170 191	(22 522 718)	(32 692 909)	
Net increase/(decrease) in cash and cash equivalents	(886 008)	(22 006 396)	(22 892 404)	(24 494 440)	(1 602 036)	
Cash and cash equivalents at the beginning of the year	12 342 983	19 496 188	31 839 171	32 550 519	711 348	
Cash and cash equivalents at the end of the year	11 456 975	(2 510 208)	8 946 767	8 056 079	(890 688)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	532 683 153	-	532 683 153	485 060 404	(47 622 749)	Note 51
Rental of facilities and equipment	1 372 100	-	1 372 100	1 781 896	409 796	Note 51
Interest received - outstanding receivables	13 000 000	-	13 000 000	18 395 501	5 395 501	
Income from agency services	50 264 291	-	50 264 291	7 988 116	(42 276 175)	Note 51
Licences and permits	701 000	-	701 000	1 005 867	304 867	Note 51
Other income	10 235 046	-	10 235 046	34 101 806	23 866 760	Note 51
Interest received - external investment	3 501 000	-	3 501 000	4 427 275	926 275	Note 51
Total revenue from exchange transactions	611 756 590	-	611 756 590	552 760 865	(58 995 725)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	84 000 000	-	84 000 000	99 289 522	15 289 522	Note 51
Property rates - penalties imposed	6 500 000	-	6 500 000	8 203 616	1 703 616	Note 51
Transfer revenue						
Government grants and subsidies	439 982 000	21 860 308	461 842 308	428 692 119	(33 150 189)	Note 51
Public contributions and donations	-	-	-	49 272	49 272	
Fines	5 503 136	-	5 503 136	37 986 646	32 483 510	Note 51
Total revenue from non-exchange transactions	535 985 136	21 860 308	557 845 444	574 221 175	16 375 731	
Total revenue	1 147 741 726	21 860 308	1 169 602 034	1 126 982 040	(42 619 994)	
Expenditure						
Employee cost	(316 680 113)	-	(316 680 113)	(282 016 255)	34 663 858	Note 51
Remuneration of councillors	(24 683 925)	-	(24 683 925)	(24 432 412)	251 513	
Depreciation and amortisation	(128 908 633)	-	(128 908 633)	(126 613 504)	2 295 129	
Impairment loss/ Reversal of impairments	-	-	-	(2 839 900)	(2 839 900)	Note 51
Finance costs	(12 771 030)	-	(12 771 030)	(11 013 611)	1 757 419	Note 51
Debt impairment	(27 351 000)	-	(27 351 000)	(116 939 753)	(89 588 753)	Note 51
Collection costs	(400 000)	-	(400 000)	(1 770 028)	(1 370 028)	Note 51
Repairs and maintenance	(41 059 862)	(12 806 413)	(53 866 275)	(44 932 111)	8 934 164	Note 51
Bulk purchases	(345 000 000)	-	(345 000 000)	(325 455 992)	19 544 008	Note 51
Contracted services	(49 612 372)	-	(49 612 372)	(48 050 548)	1 561 824	Note 51
Transfer and subsidies paid	(39 178 999)	-	(39 178 999)	(113 263 619)	(74 084 620)	Note 51
General Expenses	(119 233 395)	-	(119 233 395)	(98 448 926)	20 784 469	
Total expenditure	(1 104 879 329)	(12 806 413)	(1 117 685 742)	(1 195 776 659)	(78 090 917)	
Operating deficit	42 862 397	9 053 895	51 916 292	(68 794 619)	(120 710 911)	
Gain (Loss) on disposal of assets	2 200 000	-	2 200 000	(25 924 361)	(28 124 361)	Note 51
Fair value adjustments	-	-	-	10 444 300	10 444 300	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	2 200 000	-	2 200 000	(15 480 061)	(17 680 061)	
Deficit before taxation	45 062 397	9 053 895	54 116 292	(84 274 680)	(138 390 972)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	45 062 397	9 053 895	54 116 292	(84 274 680)	(138 390 972)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	20 235 618	-	20 235 618	19 164 420	(1 071 198)	Note 51
Other financial assets	2 410 944	-	2 410 944	2 447 886	36 942	Note 51
Operating lease asset	91 164	-	91 164	173 356	82 192	
Receivables from exchange transactions	223 061 967	-	223 061 967	252 892 821	29 830 854	Note 51
Receivables from non-exchange transactions	2 604 326	-	2 604 326	43 961 106	41 356 780	Note 51
Consumer debtors	114 762 395	-	114 762 395	135 341 383	20 578 988	Note 51
Cash and cash equivalents	11 457 490	(2 510 000)	8 947 490	7 490 665	(1 456 825)	Note 51
	374 623 904	(2 510 000)	372 113 904	461 471 637	89 357 733	
Non-Current Assets						
Investment property	200 099 000	-	200 099 000	183 057 053	(17 041 947)	Note 51
Property, plant and equipment	1 794 632 000	22 006 396	1 816 638 396	1 501 923 104	(314 715 292)	Note 51
Intangible assets	513 482	-	513 482	1 603 468	1 089 986	Note 51
Other financial assets	23 700 000	-	23 700 000	26 887 398	3 187 398	Note 51
	2 018 944 482	22 006 396	2 040 950 878	1 713 471 023	(327 479 855)	
Total Assets	2 393 568 386	19 496 396	2 413 064 782	2 174 942 660	(238 122 122)	
Liabilities						
Current Liabilities						
Other financial liabilities	23 507 142	-	23 507 142	9 585 798	(13 921 344)	
Finance lease obligation	-	-	-	824 306	824 306	Note 51
Payables from exchange transactions	150 317 488	-	150 317 488	207 036 225	56 718 737	
VAT payable	31 050 038	-	31 050 038	36 353 082	5 303 044	
Consumer deposits	25 546 904	-	25 546 904	26 858 463	1 311 559	
Unspent conditional grants and receipts	1 415 052	-	1 415 052	2 924 848	1 509 796	Note 51
Provisions	773 638	-	773 638	445 724	(327 914)	Note 51
	232 610 262	-	232 610 262	284 028 446	51 418 184	
Non-Current Liabilities						
Other financial liabilities	129 560 818	-	129 560 818	92 315 414	(37 245 404)	Note 51
Finance lease obligation	-	-	-	602 667	602 667	
Employee benefit obligation	96 364 161	-	96 364 161	83 821 523	(12 542 638)	Note 51
Provisions	4 626 519	-	4 626 519	4 626 519	-	
	230 551 498	-	230 551 498	181 366 123	(49 185 375)	
Total Liabilities	463 161 760	-	463 161 760	465 394 569	2 232 809	
Net Assets	1 930 406 626	19 496 396	1 949 903 022	1 709 548 091	(240 354 931)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 930 406 626	19 496 396	1 949 903 022	1 709 548 091	(240 354 931)	Note 51

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation revenue	76 925 000	-	76 925 000	79 408 149	2 483 149	Note 51
Sale of goods and services	525 468 339	-	525 468 339	534 554 235	9 085 896	Note 51
Grants	439 982 000	6 030 000	446 012 000	466 424 491	20 412 491	
Interest income	11 550 700	-	11 550 700	4 427 275	(7 123 425)	Note 51
	1 053 926 039	6 030 000	1 059 956 039	1 084 814 150	24 858 111	
Payments						
Employee costs	(315 102 089)	-	(315 102 089)	(306 850 259)	8 251 830	Note 51
Suppliers	(597 499 605)	-	(597 499 605)	(721 403 556)	(123 903 951)	Note 51
Finance costs	(12 771 030)	-	(12 771 030)	(10 217 083)	2 553 947	Note 51
Transfer of property, plant and equipment	-	-	-	75 728 464	75 728 464	Note 51
	(925 372 724)	-	(925 372 724)	(962 742 434)	(37 369 710)	
Net cash flows from operating activities	128 553 315	6 030 000	134 583 315	122 071 716	(12 511 599)	
Cash flows from investing activities						
Additions to property, plant and equipment	(140 889 514)	(28 036 396)	(168 925 910)	(124 516 145)	44 409 765	Note 51
Proceeds on disposal of property, plant and equipment	2 200 000	-	2 200 000	2 691 364	491 364	Note 51
Loss on disposal of property, plant and equipment	-	-	-	(1 150 797)	(1 150 797)	Note 51
Disposal of property, plant and equipment written off	-	-	-	570 000	570 000	Note 51
Proceeds from sale of financial assets	(920 000)	-	(920 000)	(1 491 918)	(571 918)	Note 51
Net cash flows from investing activities	(139 609 514)	(28 036 396)	(167 645 910)	(123 897 496)	43 748 414	
Cash flows from financing activities						
Long term liabilities	34 744 788	-	34 744 788	-	(34 744 788)	Note 51
Repayment of other financial liabilities	(23 074 597)	-	(23 074 597)	(17 836 031)	5 238 566	Note 51
Finance lease payments	(1 500 000)	-	(1 500 000)	(4 686 687)	(3 186 687)	Note 51
Net cash flows from financing activities	10 170 191	-	10 170 191	(22 522 718)	(32 692 909)	
Net increase/(decrease) in cash and cash equivalents	(886 008)	(22 006 396)	(22 892 404)	(24 348 498)	(1 456 094)	Note 51
Cash and cash equivalents at the beginning of the year	12 342 983	19 496 180	31 839 163	31 839 163	-	Note 51
Cash and cash equivalents at the end of the year	11 456 975	(2 510 216)	8 946 759	7 490 665	(1 456 094)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These consolidated financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated financial statements, are disclosed below.

1.1 Presentation currency

These consolidated financial statements are presented in South African Rand, which is the functional currency of the economic entity.

1.2 Rounding

All financial figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

These consolidated financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.4 Consolidation

Basis of consolidation

Consolidated financial statements are the consolidated financial statements of the economic entity presented as those of a single entity.

The consolidated financial statements incorporate the consolidated financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Consolidated consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated consolidated financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's consolidated financial statements at the acquisition date.

The consolidated financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated consolidated financial statements are prepared as of the same date.

When the end of the reporting dates of the controlling entity is different from that of a controlled entity, the controlled entity prepares, for consolidation purposes, additional consolidated financial statements as of the same date as the consolidated financial statements of the controlling entity unless it is impracticable to do so. When the consolidated financial statements of a controlled entity used in the preparation of consolidated consolidated financial statements are prepared as of a date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's consolidated financial statements. In any case, the difference between the end of the reporting date of the controlled entity and that of the controlling entity is no more than three months. The length of the reporting periods and any difference between the ends of the reporting dates is the same from period to period.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.4 Consolidation (continued)

Adjustments are made when necessary to the consolidated financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

A Special purpose entity is consolidated when the substance of the relationship between the economic entity and the Special purpose entity indicates that the Special purpose entity is controlled by the economic entity.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Trade receivables and loans and receivables

The economic entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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Notes to the Financial Statements: Accounting Policies

1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	
• Roads and paving		10 -30
• Pedestrian malls		20
• Electricity		10 - 30
• Water		15-20
• Sewage		15-20
• Housing		30
Community	Straight line	
• Improvements		30
• Recreational facilities		20
• Security		3 - 5
Other assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3-5
• Furniture and fittings		7-10
• Watercraft		15
• Bins and containers		5-10
• Specialised plant and equipment		5-15
• Other items of plant and equipment		5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The economic entity assesses at each reporting date whether there is any indication that the economic entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.7 Property, plant and equipment (continued)

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 - 5 years

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Consumer debtors
Receivables from exchange transactions
Cash and cash equivalents
Other financial assets

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial liabilities
Finance lease obligation
Payables from exchange transactions
Consumer deposits

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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Notes to the Financial Statements: Accounting Policies

1.10 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Consumable and stands inventories consist of work in progress, consumables and finished goods. Inventory is measured at lower of cost, and net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the economic entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the economic entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.12 Impairment of cash-generating assets (continued)

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.15 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employee render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee render the related service; and

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Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.16 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Notes to the Financial Statements: Accounting Policies

1.16 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Notes to the Financial Statements: Accounting Policies

1.18 Revenue from exchange transactions (continued)

Rendering of services

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

Revenue arising from application of the approved tariff of changes is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transaction refers to transaction where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.20 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.26 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

The consolidated financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.27 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements: Accounting Policies

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Value Added Tax (VAT)

The municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.30 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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Notes to the Consolidated Financial Statements

Economic entity

Controlling entity

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2018 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

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Notes to the Consolidated Financial Statements

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this interpretation is currently being assessed.

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GRAP 110 (as amended 2016): Living and Non-living Resources

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the amendment will have a material impact on the economic entity's consolidated financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's consolidated financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual consolidated financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

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- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

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The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the economic entity's consolidated financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the interpretation will have a material impact on the economic entity's consolidated financial statements.

IGRAP19 Liabilities to Pay Levies

This interpretation contains guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

This Interpretation addresses the recognition of a liability to pay a levy if that liability is within the scope of GRAP 19. It also addresses the recognition of a liability to pay a levy whose timing and amount is certain. The measurement of a liability to pay a levy is not addressed in this Interpretation, instead an entity refers to GRAP 19.

This Interpretation does not address the accounting for the costs that arise from recognising a liability to pay a levy. Entities should apply other Standards of GRAP to decide whether the recognition of a liability to pay a levy gives rise to an asset or an expense.

Items that may be considered levies within the scope of this Interpretation are referred to as levies or some other term in legislation or similar means, for example, taxes (including non-refundable purchase taxes), fees (including licence fees), concessions, tolls, duties, royalties, tariffs, payments, charges, etc. An entity should assess, based on the substance of the transaction rather than the legal form, whether the item is a levy as defined in this Interpretation

In determining whether a liability to pay a levy imposed by government meets the definition of a levy in this Interpretation, an entity assesses whether the levy is a non-exchange or exchange transaction by considering whether there has been a direct exchange of approximately equal value. This assessment requires judgement, and a detailed consideration of the legislation or similar means as well as the specific facts and circumstances of the levy being paid. Such an assessment is made irrespective of whether an entity makes a payment directly to the government or to a third party acting on behalf of government. For instance, when the levy is payable to a collecting agent, the levy may be a non-exchange transaction even though there has not been a direct exchange between the entity and government.

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An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

An entity shall apply this Interpretation for annual financial statements covering periods beginning on or after 1 April 2019. Earlier application is encouraged. If an entity applies this Interpretation for a period beginning before 1 April 2019, it shall disclose that fact

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the economic entity's operations.

The impact of this interpretation is currently being assessed.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
3. Inventories				
Consumable stores	13 744 420	9 333 202	13 744 420	9 333 202
Stands	5 420 000	5 420 000	5 420 000	5 420 000
	19 164 420	14 753 202	19 164 420	14 753 202

The carrying value of inventories is disclosed at lower of cost or net realisable value.

4. Other financial assets

At amortised cost

Stand sale arrangements	2 447 886	2 669 089	2 447 886	2 669 089
Fixed deposits - listed	26 887 398	25 174 277	26 887 398	25 174 277
	29 335 284	27 843 366	29 335 284	27 843 366

The 'stand sale arrangements' 2017 comparative amount of R 2.6 million has been restated from R 2.9 million. (See note 60)

Non-current assets

At amortised cost	26 887 398	25 174 277	26 887 398	25 174 277
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Current assets

At amortised cost	2 447 886	2 669 089	2 447 886	2 669 089
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Financial assets at amortised cost

Council's valuation of listed investments

Liberty Group limited	10 762 079	9 635 115	10 762 079	9 635 115
Standard Bank	16 125 319	15 539 163	16 125 319	15 539 163
	26 887 398	25 174 278	26 887 398	25 174 278

Reconciliation of stand sale arrangements

Stand sale arrangement	2 447 886	2 669 089	2 447 886	2 669 089
Less: Current portion	(2 447 886)	(2 669 089)	(2 447 886)	(2 669 089)

Non-current portion of stand sale arrangements	-	-	-	-
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Fair value of investments are at book value as at 30 June 2018.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

Fixed deposits of R 10 762 079 and R 16 125 319 have been made with Liberty and Standard Bank of South Africa respectively to repay loans of R 15 000 000 and R 30 000 000 on maturity date.

Loans to staff and the public

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Stand sale arrangements

As from 1 March 2004 no loan agreement has been entered into for the sale of stands. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

Arrangements were made to enable people to purchase stands from the Council. These arrangements are repayable within 60 days.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
5. Receivables from non-exchange transactions				
5.1 Traffic fines				
Fines	43 961 106	75 870 945	43 961 106	75 870 945
Reconciliation of traffic fines				
Opening balance	75 870 945	45 153 383	75 870 945	45 153 383
Less: Adjustments prior year	-	(270 909)	-	(270 909)
Issued	38 364 900	47 219 700	38 364 900	47 219 700
Less: Withdrawn	(913 400)	(3 237 571)	(913 400)	(3 237 571)
Less: Fines received	(5 018 102)	(4 796 500)	(5 018 102)	(5 796 500)
Less: Provision for impairment	(64 343 237)	(8 197 158)	(64 343 237)	(8 197 158)
Balance at the end of the year	43 961 106	75 870 945	43 961 106	74 870 945
Reconciliation of provision for traffic fines				
Opening balance	26 798 313	18 601 155	26 798 313	18 601 155
Provision for impairment	64 343 238	8 197 158	64 343 238	8 197 158
	91 141 551	26 798 313	91 141 551	26 798 313

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all fines issued during the current year amounted to R 37 451 500 (2017: R 43 711 220). The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables from non-exchange transactions.

5.2. Operating lease asset (accrual)

Current assets	173 356	149 816	173 356	149 816
Municipality as lessor: Future minimum lease repayments receivable				
Less than one year	445 409	406 659	445 409	406 659
Between one year and five years	1 585 328	2 001 513	1 585 328	2 001 513
More than five years	110 026	139 250	110 026	139 250
	2 140 763	2 547 422	2 140 763	2 547 422

Operating leases relate to property owned by the municipality with lease terms of between one (1) and twenty (20) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

The municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight line basis over the lease term. The effect of accounting for operating leases on the straight line basis had the above effect.

No restrictions have been imposed on the municipality in terms of the operating lease agreements

6. Receivables from exchange transactions

Trade debtors	243 531 188	207 385 194	243 531 188	207 385 194
Prepayments	6 617 070	7 890 298	6 615 131	7 890 298
Other receivables	29 059 517	27 285 049	29 056 131	27 281 663
Leave pay receivables	-	30 932	-	-
Bursary loans	586 374	588 430	586 374	588 430
	279 794 149	243 179 903	279 788 824	243 145 585
Provision for impairment of receivables	(26 896 004)	(22 357 001)	(26 896 004)	(22 357 001)
	252 898 145	220 822 902	252 892 820	220 788 584

Reconciliation of provision for impairment of trade and other receivables

Opening balance	22 357 001	23 555 773	22 357 001	23 555 773
Provision for impairment	10 286 853	(1 198 772)	10 286 853	(1 198 772)
Amounts written off as uncollectible	(5 747 850)	-	(5 747 850)	-
	26 896 004	22 357 001	26 896 004	22 357 001

The impairment allowance mainly represents the outstanding amounts due to the municipality by indigent consumables.

Credit quality of receivables from exchange transactions

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

7. Consumer debtors

Gross balances

Rates	159 747 326	131 662 346	159 747 326	131 662 346
Electricity	197 492 844	175 552 844	197 492 844	175 552 844
Refuse	69 066 027	58 453 856	69 066 027	58 453 856
	426 306 197	365 669 046	426 306 197	365 669 046

Less: Allowance for impairment

Rates	(132 340 974)	(114 151 077)	(132 340 974)	(114 151 077)
Electricity	(98 941 880)	(92 784 584)	(98 941 880)	(92 784 584)
Refuse	(59 681 960)	(51 698 257)	(59 681 960)	(51 698 257)
	(290 964 814)	(258 633 918)	(290 964 814)	(258 633 918)

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Net balance				
Rates	27 406 352	17 511 269	27 406 352	17 511 269
Electricity	98 550 964	82 768 260	98 550 964	82 768 260
Refuse	9 384 067	6 755 599	9 384 067	6 755 599
	135 341 383	107 035 128	135 341 383	107 035 128
Included in above is receivables from exchange transactions				
Electricity	98 550 964	82 768 260	98 550 964	82 768 260
Refuse	9 384 067	6 755 599	9 384 067	6 755 599
	107 935 031	89 523 859	107 935 031	89 523 859
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	27 406 352	17 511 269	27 406 352	17 511 269
	135 341 383	107 035 128	135 341 383	107 035 128
Rates				
Current (0 -30 days)	9 333 210	7 709 831	9 333 210	7 709 831
31 - 60 days	5 433 544	3 864 824	5 433 544	3 864 824
61 - 90 days	3 793 069	3 193 455	3 793 069	3 193 455
91 - 120 days	3 590 317	3 016 564	3 590 317	3 016 564
121 - 365 days	137 597 186	113 877 672	137 597 186	113 877 672
	159 747 326	131 662 346	159 747 326	131 662 346
Electricity				
Current (0 -30 days)	62 010 927	58 882 402	62 010 927	58 882 402
31 - 60 days	10 421 706	8 433 616	10 421 706	8 433 616
61 - 90 days	5 860 226	5 757 065	5 860 226	4 757 065
91 - 120 days	17 687 175	6 137 955	17 687 175	6 137 955
121 - 365 days	101 512 810	97 341 806	101 512 810	97 341 806
	197 492 844	176 552 844	197 492 844	175 552 844
Refuse				
Current (0 -30 days)	3 574 192	2 913 936	3 574 192	2 913 936
31 - 60 days	1 785 671	1 372 924	1 785 671	1 372 924
61 - 90 days	1 311 323	1 144 078	1 311 323	1 144 078
91 - 120 days	1 256 771	1 094 429	1 256 771	1 094 429
121 - 365 days	61 138 070	51 928 489	61 138 070	51 928 489
	69 066 027	58 453 856	69 066 027	58 453 856

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	25 018 711	26 455 989	25 018 711	26 455 989
31 - 60 days	7 811 301	6 264 761	7 811 301	6 264 761
61 - 90 days	4 837 055	4 364 409	4 837 055	4 364 409
91 - 120 days	4 103 348	4 186 060	4 103 348	4 186 060
121 - 365 days	191 386 528	156 002 950	191 386 528	156 002 950
	233 156 943	197 274 169	233 156 943	197 274 169
Industrial/ commercial				
Current (0 -30 days)	43 144 735	38 850 588	43 144 735	38 850 588
31 - 60 days	6 785 389	5 338 111	6 785 389	5 338 111
61 - 90 days	4 463 331	2 984 711	4 463 331	2 984 711
91 - 120 days	14 197 481	4 635 149	14 197 481	4 635 149
121 - 365 days	91 885 861	88 222 067	91 885 861	88 222 067
	160 476 797	140 030 626	160 476 797	140 030 626
National and provincial government				
Current (0 -30 days)	1 431 910	1 033 180	1 431 910	1 033 180
31 - 60 days	936 908	125 944	936 908	125 944
61 - 90 days	789 350	655 391	789 350	655 391
91 - 120 days	549 684	594 319	549 684	594 319
121 - 365 days	11 499 710	10 236 592	11 499 710	10 236 592
	15 207 562	12 645 426	15 207 562	12 645 426
Total				
Current (0 -30 days)	5 074 274	3 569 463	5 074 274	3 569 463
31 - 60 days	3 223 969	1 400 430	3 223 969	1 400 430
61 - 90 days	1 541 872	1 175 342	1 541 872	1 175 342
91 - 120 days	4 031 779	959 902	4 031 779	959 902
121 - 365 days	3 593 001	8 613 688	3 593 001	8 613 688
	17 464 895	15 718 825	17 464 895	15 718 825
Total	426 306 197	365 669 046	426 306 197	365 669 046

Consumer debtors pledged as security

No porting of accounts receivables was pledged as security for any financial liabilities

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the municipality's large number of customers. The municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's consumer debtors.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2018, consumer debtors of R 290 964 814 (2017: R 258 633 918) were impaired and provided for.

An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R 9 978 766 (2017: 0) was written off during the year as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	258 633 918	207 233 176	258 633 918	207 233 176
Allowance for impairment	42 309 662	51 400 742	42 309 662	51 400 742
Amounts written off as uncollectible	(9 978 766)	-	(9 978 766)	-
	290 964 814	258 633 918	290 964 814	258 633 918

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	177	177	-	-
Bank balances	7 696 885	32 485 494	7 490 665	31 839 163
Other cash and cash equivalents	359 017	64 848	-	-
	8 056 079	32 550 519	7 490 665	31 839 163

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

No restrictions exist regarding the use of cash.

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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Cash book balances ABSA BANK - Cheque accounts	-	-	-	8 056 079	32 550 519	55 477 362
ABSA BANK - Cheque Account number -40-7166-4582	206 220	646 331	1 097 912	-	-	-
ABSA BANK - 32 Day Notice Account number - 92-2181-3770	349	340	325	-	-	-
ABSA BANK - Depositor Plus Account number - 92-8795-3029	358 846	64 508	1 946	-	-	-
ABSA BANK - Cheque account number - 404 896 4222	6 995 424	3 313 689	22 965 320	-	-	-
ABSA BANK - Cheque account number - 908 197 4990	487 580	1 510 568	317 479	-	-	-
ABSA BANK - Cheque account number - 405 144 4332	-	-	-	-	-	-
ABSA BANK - Liquidity plus account - 9312433930 (MIG)	4 692	22 534 572	8 228 881	-	-	-
ABSA BANK - Liquidity plus account - 9312434237 (INEP)	2 968	4 480 334	22 857 740	-	-	-
Total	8 056 079	32 550 342	55 469 603	8 056 079	32 550 519	55 477 362

The municipality has two bank accounts to control MIG and INEP funds separately.

An amount of R 2 724 847 (2017: R 30 523 329) of the unspent conditional grants is included in cash and cash equivalents.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

9. Investment property

Economic entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	183 057 053	-	183 057 053	173 182 753	-	173 182 753

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	183 057 053	-	183 057 053	173 182 753	-	173 182 753

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Reconciliation of investment property - Economic entity - 2018

	Opening balance	Disposals	Change in valuation	Total
Investment property	173 182 753	(570 000)	10 444 300	183 057 053

Reconciliation of investment property - Economic entity - 2017

	Opening balance	Additions	Total
Investment property	166 041 000	7 141 753	173 182 753

Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Disposals	Change in valuation	Total
Investment property	173 182 753	(570 000)	10 444 300	183 057 053

Reconciliation of investment property - Controlling entity - 2017

	Opening balance	Additions	Total
Investment property	166 041 000	7 141 753	173 182 753

Pledged as security

No investment properties was pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The Greater Tzaneen Municipal valuations is based on the valuation roll which is reviewed every four years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions.

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10. Property, plant and equipment

Economic entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	124 398 446	-	124 398 446	125 358 946	-	125 358 946
Infrastructure	2 254 746 250	(1 079 971 647)	1 174 774 603	2 317 944 657	(1 030 424 263)	1 287 520 394
Community	191 922 932	(36 293 467)	155 629 465	143 875 197	(32 548 735)	111 326 462
Work in progress	30 985 479	-	30 985 479	58 988 033	-	58 988 033
Other assets	65 765 188	(52 393 063)	13 372 125	70 343 893	(50 413 719)	19 930 174
Other leased assets	10 920 220	(8 010 617)	2 909 603	14 349 108	(6 878 979)	7 470 129
Total	2 678 738 515	(1 176 668 794)	1 502 069 721	2 730 859 834	(1 120 265 696)	1 610 594 138

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	124 398 446	-	124 398 446	125 358 946	-	125 358 946
Infrastructure	2 254 746 250	(1 079 971 647)	1 174 774 603	2 317 944 657	(1 030 424 263)	1 287 520 394
Community	191 922 932	(36 293 467)	155 629 465	143 875 197	(32 548 735)	111 326 462
Work in progress	30 985 479	-	30 985 479	58 988 033	-	58 988 033
Other assets	65 290 798	(52 065 290)	13 225 508	69 982 363	(50 124 149)	19 858 214
Leased assets	10 920 220	(8 010 617)	2 909 603	14 349 108	(6 878 979)	7 470 129
Total	2 678 264 125	(1 176 341 021)	1 501 923 104	2 730 498 304	(1 119 976 126)	1 610 522 178

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Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Write-offs / Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Infrastructure	1 287 520 394	27 802 253	(23 642 192)	-	(114 065 952)	(2 839 900)	1 174 774 603
Community	111 326 462	48 501 470	(88 140)	-	(4 110 327)	-	155 629 465
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	19 930 174	549 877	(1 284 682)	-	(5 823 244)	-	13 372 125
Other leased assets	7 470 129	-	(2 590 714)	-	(1 969 812)	-	2 909 603
	1 610 594 138	124 629 010	(28 615 728)	(75 728 464)	(125 969 335)	(2 839 900)	1 502 069 721

Reconciliation of property, plant and equipment - Economic entity - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	-	-	-	-	-	125 358 946
Infrastructure	1 373 848 930	32 169 915	(213 379)	-	(117 462 149)	(822 923)	1 287 520 394
Community	94 215 241	20 906 325	-	-	(3 795 104)	-	111 326 462
Other equipment	52 887 258	60 501 644	-	(54 400 869)	-	-	58 988 033
Other assets	22 484 943	3 458 924	(153 203)	-	(5 860 490)	-	19 930 174
Other leased Assets	4 326 282	5 718 518	(741 822)	-	(1 832 849)	-	7 470 129
	1 673 121 600	122 755 326	(1 108 404)	(54 400 869)	(128 950 592)	(822 923)	1 610 594 138

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Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Write-Offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Infrastructure	1 287 520 394	27 802 252	(23 642 191)	-	(114 065 952)	(2 839 900)	1 174 774 603
Community	111 326 462	48 501 470	(88 140)	-	(4 110 327)	-	155 629 465
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	19 858 214	437 012	(1 284 677)	-	(5 785 041)	-	13 225 508
Leased assets	7 470 129	-	(2 590 716)	-	(1 969 810)	-	2 909 603
	1 610 522 178	124 516 144	(28 615 724)	(75 728 464)	(125 931 130)	(2 839 900)	1 501 923 104

Reconciliation of property, plant and equipment - Controlling entity - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	-	-	-	-	-	125 358 946
Infrastructure	1 373 848 930	32 169 915	(213 379)	-	(117 462 149)	(822 923)	1 287 520 394
Community	94 215 241	20 906 327	-	-	(3 795 106)	-	111 326 462
Work in progress	52 887 257	60 501 644	-	(54 400 868)	-	-	58 988 033
Other assets	22 391 020	3 451 425	(153 204)	-	(5 831 027)	-	19 858 214
Leased assets	4 326 281	5 718 518	(741 821)	-	(1 832 849)	-	7 470 129
	1 673 027 675	122 747 829	(1 108 404)	(54 400 868)	(128 921 131)	(822 923)	1 610 522 178

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

The 2016/2017 comparative amount of R 1.577 billion on property, plant and equipment has been restated from R 1.560 billion (see note 60).

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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The prior period balances were restated for prior year errors. Refer to note 59 for detail.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B".

11. Intangible assets

Economic entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	3 653 789	(2 046 835)	1 606 954	2 502 992	(1 359 887)	1 143 105
Other intangible assets	45 051	(45 051)	-	45 051	(45 051)	-
Total	3 698 840	(2 091 886)	1 606 954	2 548 043	(1 404 938)	1 143 105

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 605 102	(2 001 634)	1 603 468	2 454 305	(1 319 263)	1 135 042

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 143 105	1 150 797	(686 948)	1 606 954

Reconciliation of intangible assets - Economic entity - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	950 742	631 368	(439 005)	1 143 105
Other intangible assets	425	-	(425)	-
	951 167	631 368	(439 430)	1 143 105

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 135 042	1 150 797	(682 371)	1 603 468

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Reconciliation of intangible assets - Controlling entity - 2017

	Opening balance	Additions	Amortisation	Total
Computer software and license	929 501	631 368	(425 827)	1 135 042

Pledged as security

No intangible assets have been pledged as security for any liability.

12. Other financial liabilities

At amortised cost

Other

DBSA local registered loan stock	15 000 000	15 000 000	15 000 000	15 000 000
Loan Stock - Standard Bank	30 000 000	30 000 000	30 000 000	30 000 000
	45 000 000	45 000 000	45 000 000	45 000 000

At amortised cost

Annuity loan - DBSA	32 041 867	33 655 027	32 041 867	33 655 027
Annuity loan - ABSA	18 340 756	19 673 107	18 340 756	19 673 107
Annuity loan - INCA	1 953 417	5 523 180	1 953 417	5 523 180
Annuity loan - Standard Bank	4 565 172	8 147 524	4 565 172	8 147 524
Annuity loan - DBSA	-	7 738 405	-	7 738 405
	56 901 212	74 737 243	56 901 212	74 737 243

Total other financial liabilities

	101 901 212	119 737 243	101 901 212	119 737 243
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Non-current liabilities

Other	45 000 000	45 000 000	45 000 000	45 000 000
Annuity loans	47 315 414	57 661 330	47 315 414	57 661 330
	92 315 414	102 661 330	92 315 414	102 661 330

Current liabilities

At amortised cost	9 585 798	17 075 913	9 585 798	17 075 913
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The 2017 comparative amount of R 74.737 million has been restated from R 74.493 million (see note 59).

Annuity loan - Standard Bank

This loan of R21 011 000 was taken up on 30 June 2012. The loan bears interest at a fixed rate of 11,8% and will be fully redeemed on 30 June 2019.

Annuity loan - ABSA

This loan of R25 140 000 was taken up on 15 August 2010. The loan bears interest at a fixed rate of 10,62% and will be fully redeemed on 31 July 2025.

Annuity loan - DBSA

A loan of R41 000 000 of which R 35 010 350 has been allocated during the 2010 / 2011 financial year was taken up to finance capital projects. This loan bears interest at a fixed rate of 6,75% per annum and will be fully redeemed on 31 October 2030.

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	2018	2017	2018	2017

Annuity loan - INCA

The loan has been taken up to finance the purchase of land. It bears interest at a fixed rate of 12,5% per annum and will be fully redeemed on 31 December 2018.

Loan stock: DBSA (Excelsior 1 000 investment)

An annual investment of R855 619 has been made with Liberty to repay a loan of R15 000 000 on maturity date. The loan bears interest at a variable rate and will be redeemed on 30 September 2019.

Annuity loan: DBSA

A loan of R 31 300 000 has been allocated to the municipality during May 2016 by DBSA. The loan bears interest at a fixed rate of 9% and will be fully redeemed on 30 June 2018. The loan is in respect of the DBSA, INEP frontloading programme as proposed by the Department of Energy (DOE).

Loan Stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09 % per annum and will be redeemed on 16 October 2025.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2018.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

13. Finance lease obligation

Minimum lease payments due

- within one year	934 458	2 443 258	934 458	2 443 258
- in second to fifth year inclusive	632 049	4 054 507	632 049	4 054 507
	<u>1 566 507</u>	<u>6 497 765</u>	<u>1 566 507</u>	<u>6 497 765</u>
less: future finance charges	(139 534)	(1 180 633)	(139 534)	(1 180 633)
Present value of minimum lease payments	<u>1 426 973</u>	<u>5 317 132</u>	<u>1 426 973</u>	<u>5 317 132</u>

Present value of minimum lease payments due

- within one year	824 306	1 758 832	824 306	1 758 832
- in second to fifth year inclusive	602 667	3 558 300	602 667	3 558 300
	<u>1 426 973</u>	<u>5 317 132</u>	<u>1 426 973</u>	<u>5 317 132</u>
Non-current liabilities	602 667	3 558 300	602 667	3 558 300
Current liabilities	824 306	1 758 832	824 306	1 758 832
	<u>1 426 973</u>	<u>5 317 132</u>	<u>1 426 973</u>	<u>5 317 132</u>

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The carrying value of these leased assets are included under property, plant and equipment.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

The municipality did not default on any of the interest or capital repayments of the finance leases.

The municipality terminated its contract with Itec Finance on the 24th of October 2017 for leased photocopier machines.

No new leases entered into for the current reporting period.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

14. Payables from exchange transactions

Trade payables	129 692 661	97 454 230	129 692 660	97 454 225
Payments received in advanced	6 615 131	7 890 298	6 615 131	7 890 298
Staff leave	35 880 487	34 555 827	35 880 487	34 555 827
Retention	23 652 174	27 737 228	23 652 174	27 737 228
Accrued leave pay	39 005	183 470	-	-
Unknown direct deposits	3 798 158	3 769 045	3 798 158	3 769 045
13th Cheque	7 397 615	6 954 843	7 397 615	6 954 843
Rental and other expenses	26 037	4 894	-	-
Other payables	109 315	117 791	-	-
	<u>207 210 583</u>	<u>178 667 626</u>	<u>207 036 225</u>	<u>178 361 466</u>

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

Payables received in advance

Payments received in advance are non-interest bearing and normally settled on 30 day terms

Staff leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits

The origin of the deposits could not be determined at year-end.

13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The municipality has an obligation to pay a service bonus in terms of its conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the municipality and the parties.

The municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated.

15. VAT payable

Net VAT payable	<u>38 620 553</u>	<u>34 713 133</u>	<u>36 353 082</u>	<u>33 376 034</u>
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Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payments basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies. In terms of the VAT Act, the VAT increased from 14% to 15% from 01 April 2018.

16. Consumer deposits

Electricity	26 858 463	23 129 384	26 858 463	23 129 384
Gaurantees held in lieu of electricity deposits	3 339 030	3 523 530	3 339 030	3 523 530

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding accounts.

Guarantees are given to business consumers on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Grants - other	2 924 848	20 340 228	2 924 848	20 340 227
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The 2017 comparative amount of R 30.523 billion has been restated from R 19.163 million (see note 60).

Movement during the year

Balance at the beginning of the year	20 340 228	30 793 650	20 340 228	30 793 650
Additions during the year	134 005 000	190 556 000	134 005 000	190 556 000
Income recognition during the year	(116 715 118)	(173 673 279)	(116 715 118)	(173 673 279)
Administration fee recognised during the year	(6 047 100)	(5 187 699)	(6 047 100)	(5 187 699)
Loan repayments	(11 359 522)	-	(11 359 522)	-
Roll over not approved	(1 919 414)	(1 242 960)	(1 919 414)	(1 242 960)
VAT	(15 379 226)	(19 491 400)	(15 379 226)	(19 491 400)
Transfer to revenue	-	(1 414 084)	-	(1 414 084)
	2 924 848	20 340 228	2 924 848	20 340 228

The amount of unspent conditional grants and receipts is held in the operating bank account of the municipality until utilized. The total grants recognised in the statement of financial performance are disclosed in note 23.

18. Provisions

Reconciliation of provisions - Economic entity - 2018

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 592	-	4 626 519
Provision for performance bonuses	606 889	-	(161 165)	445 724
	4 812 816	420 592	(161 165)	5 072 243

Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	3 823 570	382 357	-	4 205 927
Provision for performance bonuses	688 535	-	(81 646)	606 889
	4 512 105	382 357	(81 646)	4 812 816

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 592	-	4 626 519
Provision for performance bonuses	606 889	-	(161 165)	445 724
	4 812 816	420 592	(161 165)	5 072 243

Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision for rehabilitation of landfill site	3 823 570	382 357	-	4 205 927
Provision for performance bonuses	688 535	-	(81 646)	606 889
	4 512 105	382 357	(81 646)	4 812 816

Non-current liabilities	4 626 519	4 205 927	4 626 519	4 205 927
Current liabilities	445 724	606 889	445 724	606 889
	5 072 243	4 812 816	5 072 243	4 812 816

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the municipality's licensing stipulations on the waste landfill site. The provision has been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

19. Employee benefit obligations

Defined benefit plan

The total amount recognised in the statement of financial position is as follows:

Carrying value

Defined benefit obligation - long service award	12 977 156	11 669 376	12 977 156	11 669 376
Defined benefit obligation - post retirement medical aid plan	70 844 367	72 553 728	70 844 367	72 553 728
	83 821 523	84 223 104	83 821 523	84 223 104

Post-retirement medical aid plan

The municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependants who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2018.

Plan assets

Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In - service members	385	386	385	386
In - service non-members	268	275	268	275
Continuation members	53	52	53	52
	706	713	706	713

The amount recognised in the statement of financial position is as follows:

Carrying value

Present value of the defined benefits obligations - wholly unfunded	70 844 367	72 553 728	70 844 367	72 553 728
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	72 553 728	74 141 098	72 553 728	74 141 098
Benefit paid	(2 172 117)	(1 952 316)	(2 172 117)	(1 952 316)
Net expense recognised in the statement of financial performance	462 756	364 946	462 756	364 946
	70 844 367	72 553 728	70 844 367	72 553 728

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Net expense recognised in the statement of financial performance				
Current cost	3 981 762	4 166 836	3 981 762	4 166 836
Interest cost	7 017 670	6 662 887	7 017 670	6 662 887
Actuarial (gains)/losses	(10 536 676)	(10 464 777)	(10 536 676)	(10 464 777)
	462 756	364 946	462 756	364 946

Calculation of actuarial gains and losses

Actuarial (gains)/losses	(10 536 676)	(10 464 777)	(10 536 676)	(10 464 777)
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Key assumptions used

Assumptions used at reporting date

Discount rate used	9.66 %	9.82 %	9.66 %	9.82 %
Health care cost inflation rate	7.45 %	8.09 %	7.45 %	8.09 %
Net discount rate	2.06 %	1.60 %	2.06 %	1.60 %
Average retirement rate	61	61	61	61

Best estimate of contribution expected to be paid

Expected benefit to be paid	2 217 321	2 172 117	2 217 321	2 172 117
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Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect of aggregate service cost and interest cost	14 295 400	14 162 400	14 295 400	14 162 400
Effect on the defined benefit obligation	89 597 000	92 705 000	89 597 000	92 705 000

Decrease

Effect of aggregate service cost and interest cost	(10 170 200)	(9 952 500)	(10 170 200)	(9 952 500)
Effect on the defined benefit obligation	(67 172 000)	(68 776 000)	(67 172 000)	(68 776 000)

Amounts for the current and previous four years are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Defined benefit obligation	70 844 367	72 553 728	74 141 098	65 494 316	55 596 329
Surplus (deficit)	(70 844 367)	(72 553 728)	(74 141 098)	(65 494 316)	(55 596 329)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 654 (2017: 661) employees that are entitled to long service leave awards on 30 June 2018. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Present value of the defined benefit obligation-wholly unfunded	12 977 156	11 669 376	12 977 156	11 669 376
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	11 669 376	11 622 662	11 669 376	11 622 662
Benefits paid	(976 674)	(1 258 362)	(976 674)	(1 258 362)
Net expense recognised in the statement of financial performance	2 284 454	1 305 076	2 284 454	1 305 076
	12 977 156	11 669 376	12 977 156	11 669 376
Net expense recognised in the statement of financial performance				
Current service cost	1 154 289	1 185 355	1 154 289	1 185 355
Interest cost	940 824	937 112	940 824	937 112
Actuarial (gains) losses	189 341	(817 391)	189 341	(817 391)
	2 284 454	1 305 076	2 284 454	1 305 076
Calculation of actuarial gains and losses				
Actuarial (gains) losses – Obligation	189 341	(817 391)	189 341	(817 391)
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	8.43 %	8.41 %	8.43 %	8.41 %
Expected increase in salaries	6.06 %	6.23 %	6.06 %	6.23 %
Other material actuarial assumptions [provide details]	2.23 %	2.05 %	2.23 %	2.05 %
Average retirement age	61	61	61	61
Other assumptions				
The sensitivity analysis is based on the total liability which includes water and sewerage.				
Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:				
Increase				
Effect of aggregate service cost and interest cost	2 473 400	2 496 900	2 473 400	2 496 900
Effect on defined benefit obligation	15 137 000	13 615 000	15 137 000	13 615 000
Decrease				
Effect of aggregate service cost and interest cost	(2 162 200)	(2 159 600)	(2 162 200)	(2 159 600)
Effect on defined benefit obligation	(13 580 000)	(12 119 000)	(13 580 000)	(12 119 000)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Amounts for the current and previous four years are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Defined benefit obligation	12 977 156	11 669 376	11 622 662	10 830 506	8 187 516
Surplus (deficit)	(12 977 156)	(11 669 376)	(11 622 662)	(10 830 506)	(8 187 516)

Defined contribution plan

The economic entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	49 198 630	47 097 500	49 198 630	47 097 500
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The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 49 million represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 49 198 630 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the economic entity to account for the plans as defined benefit plans, the economic entity accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 1 657 183 which represents the contributions for councillors.

Joint Municipal Pension Fund

The Joint Municipal Pension Fund's contribution rate payable is 9% by the members and 22% by council.

	-	15 071	-	15 071
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Municipal Employees pension fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended revealed that the funding level is 100%

	2 334 578	2 004 113	2 334 578	2 004 113
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2015 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

	7 580 663	7 429 901	7 580 663	7 429 901
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Municipal Fund for Municipal Workers

The above mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

	37 626 206	34 698 699	37 626 206	34 698 699
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Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Municipal councillors pension fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

20. Service charges

Sale of electricity	444 092 394	411 996 560	444 092 394	411 996 560
Sale of prepaid electricity	7 930 880	5 832 309	7 930 880	5 832 309
Indigent charges	1 798 946	1 108 507	1 798 946	1 108 507
Refuse removal	30 990 314	27 526 219	30 990 314	27 526 219
Other service charges	247 870	1 017 639	247 870	1 017 639
	485 060 404	447 481 234	485 060 404	447 481 234

The 2017 comparative amount of R 447.481 million has been restated from R 447.720 million (see note 60).

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

21. Other income

Credit control actions	1 040 188	90 812	1 040 188	90 812
Environmental health services	23 856	46 061	23 856	46 061
Grant admin fee	6 047 100	10 251 235	6 047 100	10 251 235
Insurance claims	8 399	4 752 152	8 399	4 752 152
Library services	7 753	10 200	7 753	10 200
Motor vehicle and drivers licence	8 022 361	8 843 676	8 022 361	8 843 676
Recoveries	1 181 768	428 765	1 181 768	428 765
Sundry income	888 627	557 022	888 627	557 022
Valuation certificates	110 100	81 610	110 100	81 610
Motor vehicle and drivers licences	-	131 145	-	-
VAT on grants	16 704 451	20 905 481	16 704 451	20 905 481
Other income	67 203	163 784	67 203	163 784
	34 101 806	46 261 943	34 101 806	46 130 798

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 20, which are billed to or paid for by the users of services as required according to councils approved tariffs.

22. Property rates

Rates levied

Residential	41 106 933	36 863 151	41 106 933	36 863 151
Commercial	35 894 071	25 695 215	35 894 071	25 695 215
State	7 046 036	5 683 113	7 046 036	5 683 113
Other	15 242 482	12 546 370	15 242 482	12 546 370
	99 289 522	80 787 849	99 289 522	80 787 849
Property rates - penalties imposed	8 203 616	8 157 882	8 203 616	8 157 882
	107 493 138	88 945 731	107 493 138	88 945 731

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Valuations

	R'000	R'000	R'000	R '000
Residential	6 525 395	5 090 502	6 525 395	5 090 502
Commercial	2 855 825	2 161 805	2 855 825	2 161 805
State	1 657 355	478 135	1 657 355	478 135
Municipal	385 999	367 279	385 999	367 279
Agriculture	4 197 687	4 119 207	4 197 687	4 119 207
Other	184 106	142 446	184 106	142 446
	15 806 367	12 359 374	15 806 367	12 359 374

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

23. Government grants and subsidies

Operating grants

Equitable share	311 977 000	291 112 962	311 977 000	291 112 962
Neighbourhood Grant	-	5 361 114	-	5 361 114
Finance Management Grant	2 145 000	1 809 999	2 145 000	1 809 999
SETA	-	968	-	968
Municipal Infrastructure Grant	98 925 621	118 749 834	98 925 621	118 749 834
National - Electrification Grant	10 726 498	48 734 378	10 726 498	48 734 378
DOE Grant	-	5 837 001	-	5 837 001
EPWP	4 918 000	1 949 000	4 918 000	1 949 000
	428 692 119	473 555 256	428 692 119	473 555 256

The municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

Unconditional Grants

Equitable shares

Current year receipts	295 577 000	291 112 962	311 977 000	291 112 962
Transfer to revenue	-	-	(297 496 413)	-
Allocation not received (receivable)	(295 577 000)	(291 112 962)	(14 480 587)	(291 112 962)
Conditions still to be met - transferred to liabilities	-	-	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the municipality by the National Treasury.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Conditional Grants				
Drought relieve programme				
Balance unspent at beginning of year	-	30 700	-	30 700
Transfer to revenue	-	(30 700)	-	(30 700)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is targeting communities without primary potable water, mainly attributed by drought. The aim is to provide primary water to a minimum of 25lt per day in the proposed area.

SETA

Balance unspent at beginning of year	-	442 899	-	442 899
Conditions met - transferred to revenue	-	(968)	-	(968)
Transfer to revenue	-	(441 931)	-	(441 931)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Balance unspent at beginning of year	15 830 308	-	15 830 308	-
Current-year receipts	101 742 000	154 797 000	101 742 000	154 797 000
Conditions met - transferred to revenue	(98 925 621)	(118 749 835)	(98 925 621)	(118 749 835)
VAT on Grant (own Revenue)	(13 849 587)	(16 624 977)	(13 849 587)	(16 624 977)
Administration fee	(4 797 100)	(3 591 880)	(4 797 100)	(3 591 880)
Conditions still to be met - transferred to liabilities	-	15 830 308	-	15 830 308

Conditions still to be met - remain liabilities (see note 17).

MIG funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

Department of Minerals and Energy

Balance unspent at beginning of year	-	33 186	-	33 186
Transferred to revenue	-	(33 186)	-	(33 186)
Conditions still to be met - transferred to liabilities	-	-	-	-

The main aim of this grant is to supply the farmers (workers) with electricity and the funds were used for the electrification of the farmer houses (workers houses) within the Greater Tzaneen Municipality. This was according to the DME (Department of Minerals and Energy) standards.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
National Electrification Grant				
Balance unspent at beginning of year	2 590 505	20 855 108	2 590 505	20 855 108
Current-year receipts	25 000 000	25 000 000	25 000 000	25 000 000
Conditions met - transferred to revenue	(10 726 498)	(20 024 883)	(10 726 498)	(20 024 883)
VAT on grants	(1 529 639)	(2 049 242)	(1 529 639)	(2 049 242)
Administration fees	(1 250 000)	(1 250 000)	(1 250 000)	(1 250 000)
Loan repayments	(11 359 522)	(19 940 478)	(11 359 522)	(19 940 478)
Conditions still to be met - transferred to liabilities	2 724 846	2 590 505	2 724 846	2 590 505

Conditions still to be met - remain liabilities (see note 17).

The grant was used for electrification of farm labour housing and schools.

Community Based Projects

Balance unspent at beginning of year	-	356 878	-	356 878
Transfer to revenue	-	(356 878)	-	(356 878)
Conditions still to be met - transferred to liabilities	-	-	-	-

The funds were used for the training of lead facilitators, ward-based facilitators and community based projects roll out to the wards.

Neighbourhood Grant

Balance unspent at beginning of year	1 919 413	7 280 527	1 919 413	7 280 527
Roll-over not approved	(1 919 413)	-	(1 919 413)	-
Conditions met - transferred to revenue	-	(5 361 114)	-	(5 361 114)
Conditions still to be met - transferred to liabilities	-	1 919 413	-	1 919 413

Conditions still to be met - remain liabilities (see note 17).

These funds were used to embellish the entrances of various towns and villages.

Cleanest Town

Balance unspent at beginning of year	-	450 766	-	450 766
Current-year receipts	200 000	-	200 000	-
Transferred to revenue	-	(450 766)	-	(450 766)
Conditions still to be met - transferred to liabilities	200 000	-	200 000	-

Conditions still to be met - remain liabilities (see note 17).

Funds received through the greenest town competition were used to provide schools in villages with refuse removal skips.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
MSIG Establishment Grant				
Balance unspent at beginning of year	-	140 767	-	140 767
Roll over adjustment	-	(140 767)	-	(140 767)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is used to upgrade the financial systems of the Municipality and to provide training to officials.

Upgrade of sport facilities

Balance unspent at beginning of year	-	100 623	-	100 623
Transferred to revenue	-	(100 623)	-	(100 623)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant was used to upgrade sport facilities in towns and villages.

Finance Management Grant

Balance unspent at beginning of year	-	115 732	-	115 732
Current-year receipts	2 145 000	1 809 999	2 145 000	1 809 999
Conditions met - transferred to revenue	(2 145 000)	(1 809 999)	(2 145 000)	(1 809 999)
Other	-	(115 732)	-	(115 732)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is used to support financial management.

DOE Grant

Balance unspent at beginning of year	-	986 463	-	986 463
Current-year receipts	-	7 000 000	-	7 000 000
Conditions met - transferred to revenue	-	(5 837 001)	-	(5 837 001)
Administration fees	-	(345 819)	-	(345 819)
VAT on grants	-	(817 180)	-	(817 180)
Roll over adjustment	-	(986 463)	-	(986 463)
Conditions still to be met - transferred to liabilities	-	-	-	-

Energy efficiency and demand side management. Retrofitting of old street lights.

EPWP Grant

Current-year receipts	4 918 000	1 949 000	4 918 000	1 949 000
Conditions met - transferred to revenue	(4 918 000)	(1 949 000)	(4 918 000)	(1 949 000)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is used for rural waste removal.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

24. Donations received

2017/2018

Greater Tzaneen Municipality received a donation of speed humps from TBC Company on Agatha street on the 13 March 2018. The speed humps were accounted for at cost of R49 272 as the cost information was provided by TBC.

2016/2017

No donation of assets have been received during the 2016/2017 financial year.

25. Revenue

Service charges	485 060 404	447 481 234	485 060 404	447 481 234
Rental of facilities and equipment	1 781 896	1 644 365	1 781 896	1 644 365
Interest received (trading)	18 445 969	15 364 908	18 395 501	15 321 021
Agency services	7 988 116	6 304 686	7 988 116	6 304 686
Licences and permits	1 005 867	824 244	1 005 867	824 244
Other income	34 101 806	46 261 943	34 101 806	46 130 798
Interest received - investment	4 427 275	8 253 077	4 427 275	8 253 077
Property rates	99 289 522	80 787 849	99 289 522	80 787 849
Property rates - penalties imposed	8 203 616	8 157 882	8 203 616	8 157 882
Government grants & subsidies	428 692 119	473 555 256	428 692 119	473 555 256
Public contributions and donations	49 272	-	49 272	-
Fines	Note 54 37 986 646	43 643 261	37 986 646	43 643 261
	1 127 032 508	1 132 278 705	1 126 982 040	1 132 103 673

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	485 060 404	447 481 234	485 060 404	447 481 234
Rental of facilities and equipment	1 781 896	1 644 365	1 781 896	1 644 365
Interest received (trading)	18 445 969	15 364 908	18 395 501	15 321 021
Agency services	7 988 116	6 304 686	7 988 116	6 304 686
Licences and permits	1 005 867	824 244	1 005 867	824 244
Other income	34 101 806	46 261 943	34 101 806	46 130 798
Interest received - investment	4 427 275	8 253 077	4 427 275	8 253 077
	552 811 333	526 134 457	552 760 865	525 959 425

The 'service charges' 2017 comparative amount of R 447.481 million has been restated from R 447.720 million (see note 60).

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	99 289 522	80 787 849	99 289 522	80 787 849
Property rates - penalties imposed	8 203 616	8 157 882	8 203 616	8 157 882

Transfer revenue

Government grants & subsidies	428 692 119	473 555 256	428 692 119	473 555 256
Public contributions and donations	49 272	-	49 272	-
Fines	37 986 646	43 643 261	37 986 646	43 643 261
	574 221 175	606 144 248	574 221 175	606 144 248

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
26. Employee related costs				
Salaries and wages	197 812 045	187 354 045	195 554 185	185 415 430
Performance bonus	37 431	-	-	-
Social contributions	46 010 629	42 153 289	45 522 657	41 516 287
Leave pay provision charge	94 115	57 418	-	-
Travel allowance	11 912 410	11 139 563	11 852 720	11 098 644
Overtime payments	25 484 377	26 110 169	25 477 675	26 108 033
13th Cheques	97 064	88 520	-	-
Housing allowances	3 609 018	3 200 595	3 609 018	3 200 595
	285 057 089	270 103 599	282 016 255	267 338 989

No advances were made to employees during the year.

Remuneration of Municipal Manager

Annual Remuneration	356 123	888 214	356 123	888 214
Car Allowance	15 000	312 373	15 000	312 373
Contributions to UIF, Medical and Pension Funds	49 052	120 626	49 052	120 626
Telephone allowance	5 250	12 500	5 250	12 500
Leave pay	-	209 518	-	209 518
	425 425	1 543 231	425 425	1 543 231

The Municipal Manager was appointed on 1 April 2018.

Remuneration of Chief Finance Officer

Annual Remuneration	147 738	752 743	147 738	752 743
Car Allowance	54 894	241 783	54 894	241 783
Contributions to UIF, Medical and Pension Funds	38 377	164 013	38 377	164 013
Leave pay	-	200 176	-	200 176
Telephone allowance	4 000	12 000	4 000	12 000
	245 009	1 370 715	245 009	1 370 715

The Chief Finance Officer was appointed on 1 May 2018.

Remuneration of Executive Director

Annual Remuneration	689 766	775 136	-	-
Performance Bonuses	37 431	-	-	-
Travelling	91 989	115 963	-	-
	819 186	891 099	-	-

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Director Community Services				
Annual Remuneration	238 075	1 043 669	238 075	1 043 669
Car Allowance	18 000	80 104	18 000	80 104
Contributions to UIF, Medical and Pension Funds	45 858	71 437	45 858	71 437
Leave pay	-	38 692	-	38 692
Telephone allowance	5 000	12 000	5 000	12 000
	306 933	1 245 902	306 933	1 245 902

The Director Community Services was appointed on 1 April 2018

Director Civil Engineering

Annual Remuneration	83 869	1 055 317	83 869	1 055 317
Car Allowance	25 000	182 000	25 000	182 000
Contributions to UIF, Medical and Pension Funds	2 554	82 105	2 554	82 105
Leave pay	-	166 857	-	166 857
Telephone allowance	2 000	13 000	2 000	13 000
	113 423	1 499 279	113 423	1 499 279

The Director Civil Engineering was appointed on 1 June 2018.

Director Planning and Economic Development

Annual Remuneration	309 433	907 241	309 433	907 241
Car Allowance	32 000	91 849	32 000	91 849
Contributions to UIF, Medical and Pension Funds	61 091	86 856	61 091	86 856
Telephone allowance	-	12 000	-	12 000
Acting allowance	-	57 320	-	57 320
	402 524	1 155 266	402 524	1 155 266

The Director Planning and Economic Development was appointed on 1 March 2018.

Director Corporate Services

Annual Remuneration	946 539	73 559	946 539	73 559
Car Allowance	72 000	6 000	72 000	6 000
Contributions to UIF, Medical and Pension Funds	192 234	11 486	192 234	11 486
Telephone allowance	14 000	1 000	14 000	1 000
Acting allowance	74 552	-	74 552	-
	1 299 325	92 045	1 299 325	92 045

The Director Corporate Services resigned with effect from 31 May 2015 and the position was vacant until 1 June 2017 when the position was filled.

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Director Electrical Engineering				
Annual Remuneration	1 040 371	326 373	1 040 371	326 373
Car Allowance	151 778	37 945	151 778	37 945
Contributions to UIF, Medical and Pension Funds	269 801	46 759	269 801	46 759
Telephone allowance	14 000	4 000	14 000	4 000
Acting allowance	173 472	-	173 472	-
Leave pay	-	65 889	-	65 889
	1 649 422	480 966	1 649 422	480 966

The Director Electrical Engineering was appointed with effect from 1 April 2017.

27. Remuneration of councillors

Councillor

Mayor	860 032	837 911	860 032	837 911
Executive Committee allowance	1 888 916	1 647 993	1 888 916	1 647 993
Speaker and full-time councillors' allowances	4 614 143	4 177 509	4 614 143	4 177 509
Other councillors' allowances	18 024 877	16 601 829	17 069 321	15 793 971
	25 387 968	23 265 242	24 432 412	22 457 384

Mayor

Annual remuneration	619 810	606 297	619 810	606 297
Car allowance	206 603	198 146	206 603	198 146
Cellphone allowance	29 660	29 250	29 660	29 250
Contribution to medical aid and pension fund	3 959	4 218	3 959	4 218
	860 032	837 911	860 032	837 911

Speaker

Annual remuneration	495 847	450 655	495 847	450 655
Car allowance	165 282	150 263	165 282	150 263
Cellphone allowance	29 660	27 690	29 660	27 690
Contribution to medical aid and pension fund	3 215	2 660	3 215	2 660
	694 004	631 268	694 004	631 268

Chief Whip

Annual remuneration	464 828	437 874	464 828	437 874
Car allowance	154 953	145 958	154 953	145 958
Cellphone allowance	29 660	22 577	29 660	22 577
Contribution to medical aid and pension fund	3 923	3 994	3 923	3 994
	653 364	610 403	653 364	610 403

In-kind benefits

The Mayor, Speaker and five Councillors are full-time employees. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager and a gender, youth and disability programme.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 41335.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

28. Employees remuneration

Board fees

2018

	Emoluments	Travelling allowance	Total
M.Z. Mawasha (Chairperson)	165 849	35 189	201 038
Adv. E.S. Maake	147 402	41 717	189 119
M.F. Mushwana	82 676	14 778	97 454
M.J. Makapan	70 436	102 831	173 267
M.I. Moakamela	75 998	20 479	96 477
B.J. Pretorius	106 545	4 076	110 621
B.L. Mathebula	48 287	39 293	87 580
	697 193	258 363	955 556

2017

	Emoluments	Travelling allowance	Total
M.Z. Mawasha (Chairperson)	139 705	22 674	162 379
Adv. E.S. Maake	162 976	52 383	215 359
M.F. Mushwana	58 267	9 973	68 240
M.V. Gardner (Resigned)	17 720	1 297	19 017
M.J. Makapan	49 314	58 809	108 123
M.I. Moakamela	62 098	19 318	81 416
B.L. Mathebula	40 678	29 949	70 627
B.J. Pretorius	79 318	3 379	82 697
	610 076	197 782	807 858

Councillors

2018

	Emoluments	Other benefits*	Pension paid or receivable	SETA	Total
Letsoalo MM	259 330	86 443	29 660	2 256	377 689
Hlangwai ML	259 330	86 443	29 660	2 258	377 691
Prinsloo M	259 330	86 443	29 660	2 489	377 922
Sekhwela MM	259 330	86 443	29 660	2 489	377 922
Tiba MS	259 330	86 443	29 660	2 257	377 690
Maunatlala TT	464 858	154 953	29 660	4 347	653 818
Mbhalati NJ	464 858	154 953	29 660	4 345	653 816
Mkhabela DG	464 858	154 953	29 660	3 711	653 182
Machiman C	464 858	154 953	29 660	3 221	652 692
Ntimbane GE	464 858	154 953	29 660	3 794	653 265
Mangena MG	619 810	206 603	29 660	3 958	860 031
Mjmokg SS	196 147	65 382	29 660	-	291 189
Masetla SP	196 147	65 382	29 660	1 356	292 545
Raganya MS	196 147	65 382	29 660	1 356	292 545
Matita TL	196 147	65 382	29 660	1 745	292 934
Mohale MM	196 147	65 382	29 660	1 742	292 931
Rikhotso NR	196 147	65 382	29 660	1 742	292 931
Zandamel NH	196 147	65 382	29 660	1 742	292 931
/banyini OK	196 147	65 382	29 660	1 742	292 931
Makwela MA	196 147	65 382	29 660	1 742	292 931
Pohl RE	196 147	65 382	29 660	1 919	293 108
Nkhwashi N	196 147	65 382	29 660	1 919	293 108
Mashuwan TH	196 147	65 382	29 660	1 742	292 931
Baloyi MS	196 147	65 382	29 660	1 742	292 931

Greater Tzaneen Municipality

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Banyini J	196 147	65 382	29 660	1 742	292 931
Cronje PW	196 147	65 382	29 660	1 919	293 108
Kgafane DF	192 147	65 382	29 660	2 014	289 203
Kgatla MG	196 147	65 382	29 660	1 742	292 931
Kgatla MR	196 147	65 382	29 660	1 743	292 932
Lepulana LK	196 147	65 382	29 660	1 742	292 931
Maake MJ	196 147	65 382	29 660	1 919	293 108
Mafokwane MH	196 147	65 382	29 660	1 743	292 932
Makhubele JT	196 147	65 382	29 660	1 400	292 589
Makhubele GP	196 147	65 382	29 660	1 741	292 930
Malatji TE	196 147	65 382	29 660	1 742	292 931
Malamela D	196 147	65 382	29 660	1 919	293 108
Mapitja SM	196 147	65 382	29 660	1 421	292 610
Mathebula NP	196 147	65 382	29 660	2 235	293 424
Thlokwa MM	196 147	65 382	29 660	1 742	292 931
Maunatlala NG	196 147	65 382	29 660	1 743	292 932
MC Clintock TJ	196 147	65 382	29 660	1 919	293 108
Mochabela MF	196 147	65 382	29 660	1 919	293 108
Mohlaba FT	196 147	65 382	29 660	1 742	292 931
Mohonone SN	196 147	65 382	29 660	1 919	293 108
Morwatshehla MC	196 147	65 382	29 660	1 742	292 931
Mpenyana TR	196 147	65 382	29 660	1 420	292 609
Mukansi NG	196 147	65 382	29 660	1 919	293 108
Ngobeni JL	196 147	65 382	29 660	1 919	293 108
Ngobeni ET	196 147	65 382	29 660	1 420	292 609
Ngobeni SE	196 147	65 382	29 660	1 743	292 932
Phakula ME	196 147	65 382	29 660	1 919	293 108
Ramashaba SB	196 147	65 382	29 660	1 742	292 931
Raolane MO	196 147	65 382	29 660	1 919	293 108
Rapatsa KI	196 147	65 382	29 660	1 742	292 931
Rapitsi RS	196 147	65 382	29 660	1 742	292 931
Ratopola JM	196 147	65 382	29 660	2 248	293 437
Shisinga CT	196 147	65 382	29 660	1 743	292 932
Sithole O	196 147	65 382	29 660	1 919	293 108
Mbhalati MF	251 722	83 907	29 660	2 196	367 485
Makwala SC	251 722	83 907	29 660	2 193	367 482
Masila NA	251 722	83 907	29 660	2 193	367 482
Pudikabek ML	251 722	83 907	29 660	2 193	367 482
Ramodipa PJ	251 722	83 907	29 660	2 194	367 483
Mahasha NM	251 722	83 907	29 660	2 194	367 483
Makwala MM	251 722	83 907	29 660	2 196	367 485
Nkwashu MC	249 922	83 907	29 660	2 196	365 685
Malatji GM	251 722	83 907	29 660	2 421	367 710
Mmetle DJ	495 847	165 316	29 660	3 215	694 038
Nhemo CS	464 828	154 953	29 660	3 923	653 364
	16 680 032	5 561 969	2 046 540	143 871	24 432 412

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

2017

	Emoluments	Other benefits*	Pension paid or receivable	SETA	Total
Mboweni MN	48 796	16 265	2 300	427	67 788
Mmetle DJ	479 843	159 948	28 644	2 877	671 312
MM Mola SS	19 610	6 537	2 300	-	28 447
MJ Mokgoloboto SS	185 044	61 681	22 800	-	269 525
Mushwana TS	19 610	6 537	2 300	-	28 447
R Selomo SR	48 796	16 265	2 300	429	67 790
Mothiba MJ	19 610	6 537	2 300	179	28 626
Baloyi C	19 610	6 537	2 300	179	28 626
Jansen van Vuuren AE	19 610	6 537	2 300	179	28 626
Mahori S	19 610	6 537	2 300	179	28 626
Masetla SP	185 044	61 681	22 800	1 250	270 775
Mhlongo TL	19 610	6 537	2 300	179	28 626
Ndove DL	19 610	6 537	2 300	179	28 626
Raganya MS	185 044	61 681	22 800	1 250	270 775
Ramolefo ME	19 610	6 537	2 300	179	28 626
Sibiya M	19 610	6 537	2 300	179	28 626
Mohale NL	19 610	6 537	2 300	179	28 626
Matita TL	185 044	61 681	22 800	1 250	270 775
Mokgobi ML	19 610	6 537	2 300	179	28 626
Sekgotodi PJ	26 964	8 988	2 300	241	38 493
Mabuza GQ	19 610	6 537	2 300	179	28 626
Valentine LM	19 610	6 537	2 300	179	28 626
Mbhalati MF	229 110	76 370	22 790	1 561	329 831
Makhudu MR	19 610	6 537	2 300	179	28 626
Mohale MM	185 044	61 681	22 800	1 250	270 775
Mashave PM	19 610	6 537	2 300	179	28 626
Rikhotso NR	185 044	61 681	22 800	1 251	270 776
Mhlarhi DQ	19 610	6 537	2 300	179	28 626
Nghonyama RP	19 610	6 537	2 300	179	28 626
Zandamela NH	185 044	61 681	22 800	1 250	270 775
Banyini OK	185 044	61 681	22 800	1 252	270 777
Mboweni MS	19 610	6 537	2 300	179	28 626
Makwala SC	229 110	76 370	22 790	1 560	329 830
Ndhlovu ND	19 610	6 537	2 300	179	28 626
Nghondzweni GG	19 610	6 537	2 300	179	28 626
Masila NA	229 110	76 370	22 790	1 560	329 830
Pudikabekwa ML	229 110	76 370	22 790	1 561	329 831
Ramodipa PJ	229 110	76 370	22 790	1 560	329 830
Letsoalo MM	236 960	78 986	22 790	1 687	340 423
Makwela MA	185 044	61 681	22 800	1 250	270 775
Mamogale MC	19 610	6 537	2 300	179	28 626
Pohl RE	191 575	63 858	22 790	1 708	279 931
Sabela M	19 610	6 537	2 300	179	28 626
MC Neil MR	19 610	6 537	2 300	221	28 668
Magoro MH	19 610	6 537	2 300	179	28 626
Maake DT	19 610	6 537	2 300	179	28 626
Manyama TS	19 610	6 537	2 300	221	28 668
Malebati MA	19 610	6 537	2 300	169	28 616
Nkhwashu N	179 782	59 927	22 183	1 760	263 652
Mashele MB	19 610	6 537	2 300	221	28 668
Hlangwane ML	243 529	81 176	22 790	1 601	349 096
Machethe ML	19 610	6 537	2 300	179	28 626
Machimana C	441 126	147 041	22 790	3 926	614 883
Mahasha MM	258 294	86 098	22 790	1 229	368 411
Makwala MM	236 463	78 821	22 790	1 477	339 551
Mangena MG	566 405	188 802	28 645	3 918	787 770

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Maunatlala SM	19 610	6 537	2 300	179	28 626
S Mbhalati JH	19 610	6 537	2 300	158	28 605
Mokgomole RM	19 410	6 537	2 300	179	28 426
Ncha ML	48 795	16 265	2 300	428	67 788
Nkwashu MC	227 010	76 370	22 790	1 562	327 732
Nkuma SJ	19 210	6 537	2 300	179	28 226
Ntimbane GE	416 043	138 681	22 790	2 678	580 192
Nukeri TK	48 795	16 265	2 300	428	67 788
Shingange MR	19 610	6 537	2 300	179	28 626
Mushwana TH	185 044	61 681	22 800	1 252	270 777
Baloyi MS	164 611	54 870	20 277	1 499	241 257
Banyini J	164 611	54 870	20 277	1 542	241 300
Cronje PW	164 611	54 870	20 277	1 944	241 702
Kgafane DF	164 611	54 870	20 277	1 642	241 400
Kgatla MG	164 611	54 870	20 277	1 544	241 302
Kgatla MR	164 611	54 870	20 277	1 500	241 258
Lepulana LK	164 611	54 870	20 277	1 542	241 300
Maake MJ	164 611	54 870	20 277	1 944	241 702
Mafokwane MH	164 611	54 870	20 277	1 543	241 301
Makhubele JT	164 611	54 870	20 277	1 624	241 382
Makhubele GP	164 611	54 870	20 277	1 542	241 300
Malatji GM	208 734	69 578	20 282	2 380	300 974
Malatji TE	164 611	54 870	20 277	1 584	241 342
Malemela D	164 611	54 870	20 277	1 945	241 703
Mapitja SM	164 611	54 870	20 277	1 549	241 307
Mathebula NP	164 611	54 870	20 277	1 607	241 365
Mathekga MM	164 611	54 870	20 277	1 499	241 257
Mathonsi TR	6 218	2 073	729	125	9 145
Maunatlala TT	389 079	129 693	20 277	4 412	543 461
Maunatlala NG	164 611	54 870	20 277	1 544	241 302
Mbhalati NJ	389 079	129 693	20 277	4 412	543 461
MC Clintock TJ	164 611	54 870	20 277	1 944	241 702
Mkhabela DG	389 079	129 693	20 277	3 567	542 616
Mochabela MF	164 611	54 870	20 277	1 944	241 702
Mohlaba FT	164 611	54 870	20 277	1 542	241 300
Mohonone SN	164 611	54 870	20 277	1 945	241 703
Morwatshehla MC	164 611	54 870	20 277	1 542	241 300
Mpenyana TR	164 611	54 870	20 277	1 549	241 307
Mukansi NG	164 611	54 870	20 277	1 944	241 702
Ngobeni JL	164 611	54 870	20 277	1 944	241 702
Ngobeni ET	164 611	54 870	20 277	1 549	241 307
Ngobeni SE	164 611	54 870	20 277	1 543	241 301
Nhemo CS	389 079	129 693	20 277	3 567	542 616
Phakula ME	164 611	54 870	20 277	1 944	241 702
Prinsloo M	216 565	72 188	20 277	2 520	311 550
Ramoshaba SB	164 611	54 870	20 277	1 499	241 257
Raolane MO	164 611	54 870	20 277	2 009	241 767
Rapatsa KI	164 611	54 870	20 277	1 543	241 301
Rapitsi RS	164 611	54 870	20 277	1 542	241 300
Ratopola JM	164 611	54 870	20 277	1 983	241 741
Sekhwela MM	216 562	72 188	20 277	2 520	311 547
Shisinga CT	164 611	54 870	20 277	1 499	241 257
Sithole O	164 611	54 870	20 277	1 944	241 702
Tiba MS	216 493	73 373	20 277	2 034	312 177
	15 563 189	5 189 833	1 568 387	135 975	22 457 384

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

29. Impairment loss

Impairments

Property, plant and equipment	2 839 900	822 923	2 839 900	822 923
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In terms of GRAP21, "Impairment of non-cash generating assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and asset management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2018. The assessment of impairment of assets has resulted in an impairment loss of R 2 839 900 (2017: R 822 923.43) as a result significant loss in carrying amount of electricity infrastructure due to physical damage.

30. Finance costs

Finance leases	796 528	443 484	796 528	443 484
Other interest paid	10 217 083	12 489 696	10 217 083	12 489 696
	11 013 611	12 933 180	11 013 611	12 933 180

31. Repairs and maintenance

Machinery and equipment	61 900	70 478	61 900	70 478
Lawnmowers	38 843	204 088	38 843	204 088
Distribution networks	13 882 020	11 723 092	13 882 020	11 723 092
Stormwater, drainage and bridges	126 500	1 549 367	126 500	1 549 367
Tarred roads	11 420 950	8 586 250	11 420 950	8 586 250
Gravel roads	11 986 290	9 571 605	11 986 290	9 571 605
Streetlights	303 012	254 971	303 012	254 971
Council-owned land	-	161 644	-	161 644
Council-owned buildings	1 908 975	1 269 357	1 908 975	1 269 357
Council owned vehicles	3 583 086	384 089	3 583 086	384 089
Other	1 787 835	1 467 702	1 620 535	1 243 986
	45 099 411	35 242 643	44 932 111	35 018 927

32. Bulk purchases

Electricity	325 455 992	321 519 584	325 455 992	321 519 584
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Bulk purchases are the cost of electricity not generated by the municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
33. Contracted services				
Valuation roll	674 097	3 701 623	674 097	3 701 623
Traffic and security services	7 596 548	11 836 969	7 596 548	11 836 969
Refuse removal	11 993 588	10 973 043	11 993 588	10 973 043
Cleaning services	11 064 628	10 588 008	11 064 628	10 588 008
Council owned land	1 963 316	1 806 686	1 963 316	1 806 686
Information technology	933 933	915 719	933 933	915 719
Meter reading	1 348 490	1 506 020	1 348 490	1 506 020
Town planning	250 758	802 929	250 758	802 929
Security services	7 199 865	-	7 199 865	-
EPWP	2 500 000	2 500 000	2 500 000	2 500 000
Credit control	2 525 325	2 273 305	2 525 325	2 273 305
	48 050 548	46 904 302	48 050 548	46 904 302

34. Grants and subsidies paid

Other subsidies

HPH	594 188	-	594 188	-
Other grants	103 698 926	117 779 133	103 698 926	117 779 133
Eskom EBSST	3 067 047	2 994 052	3 067 047	2 994 052
Mayor bursary account	520 526	375 157	520 526	375 157
SPCA	130 000	102 500	130 000	102 500
Sport Council	106 644	106 644	106 644	106 644
SETA (Training)	-	968	-	968
Mayor special account	194 962	267 929	194 962	267 929
Grants and subsidies paid	33 326	33 326	33 326	33 326
Solid waste: EPWP	4 918 000	1 949 000	4 918 000	1 949 000
	113 263 619	123 608 709	113 263 619	123 608 709

The 2017 comparative amount of R 134.968 million has been restated from R 123.608 million (see note 60).

The mayor's bursary account is in respect of providing bursaries for further tertiary education.

Other grants are summarized as follows

Finance Management Grant	2 191 787	1 809 999	2 191 787	1 809 999
Integrated National Electrification programme (INEP) (DBSA project)	152	16 746 968	152	5 387 444
MIG project transfer to RAL	90 780 489	90 973 278	90 780 489	90 973 278
Integrated National Electrification programme (INEP)	10 726 498	14 637 439	10 726 498	14 637 439
Other grants	-	4 970 971	-	4 970 971
	103 698 926	129 138 655	103 698 926	117 779 131

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
35. General expenses				
Advertising	132 430	75 046	-	-
Auditor's remuneration	3 795 922	3 789 725	3 448 595	3 531 645
Bank charges	37 077	29 595	-	-
Computer rental	706 301	1 058 605	706 301	1 058 605
Consulting fees	24 782 839	30 255 734	24 782 839	30 255 734
Consumables	1 399 429	1 255 915	1 396 031	1 240 632
Entertainment	7 323	10 972	-	-
Fines and penalties	274 531	16 503	-	-
Gifts	-	41 786	-	41 786
Insurance	79 272	2 642 016	63 161	2 626 024
Conferences and seminars	-	4 825	-	4 825
IT expenses	40 695	43 750	-	-
Fuel and oil	9 165 920	7 396 791	9 165 920	7 396 791
Postage and courier	616 604	592 489	616 393	591 732
Printing and stationery	1 740 128	1 839 619	1 721 828	1 807 286
Protective clothing	883 417	658 708	883 417	658 708
Project maintenance costs	724 796	650 836	-	-
Security (Guarding of municipal property)	4 636	5 156	-	-
Seminars and workshops	32 094	13 916	-	-
Subscriptions and membership fees	28 475	22 832	-	-
Telephone and fax	1 614 213	1 723 245	1 460 369	1 577 618
Training	1 363 188	1 087 941	1 300 060	1 058 960
Travel - local	9 477 187	7 001 511	9 149 273	6 814 287
Statutory payments	109 315	198 411	-	-
Insurance claims - Own expenditure	8 105 114	4 186 866	8 105 114	4 186 866
Membership fees - Salga	234 365	323 703	234 365	323 703
Telephone exchange rental	366 677	1 342 472	366 677	1 342 472
Public education and training	-	52 500	-	52 500
Public relations, tourism and marketing	8 142 084	7 808 631	8 142 084	7 808 631
Small tools and equipment	422 480	307 647	422 480	307 647
Lease rentals on operating leases	1 357 088	1 111 135	1 047 349	851 172
Forensic auditor's fees	-	82 022	-	82 022
Bank administration fees	1 693 588	1 351 387	1 693 588	1 351 387
Licences and permits	1 029 040	1 964 071	1 029 040	1 964 071
Cultural day	976 432	1 548 476	976 432	1 548 476
Consulting fees	367 492	249 634	-	-
Other expenses	15 482 960	14 640 842	21 737 609	20 547 669
Social inclusion	3 241	-	-	-
	95 196 353	95 385 313	98 448 925	99 031 249

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
36. Cash generated from operations				
(Deficit) surplus	(85 178 109)	13 902 143	(84 274 679)	13 920 419
Adjustments for:				
Depreciation and amortisation	126 656 284	129 390 024	126 613 501	129 346 958
Loss on disposal of property, plant and equipment	25 924 361	923 404	25 924 361	923 404
Fair value adjustments	(10 444 300)	-	(10 444 300)	-
Finance costs - Finance leases	796 528	443 484	796 528	443 484
Impairment deficit	2 839 900	822 923	2 839 900	822 923
Debt impairment	116 939 753	58 399 128	116 939 753	58 399 128
Movements in operating lease assets and accruals	(23 540)	(52 927)	(23 540)	(52 926)
Movements in retirement benefit assets and liabilities	(401 581)	(1 540 656)	(401 581)	(1 540 656)
Movements in provisions	259 427	300 712	259 427	300 711
Transfer of property, plant and equipment (non-cash item)	75 728 464	54 400 869	75 728 464	54 400 869
Changes in working capital:				
Inventories	(4 411 218)	1 540 374	(4 411 218)	1 540 374
Receivables from exchange transactions	(42 361 315)	(36 334 764)	(42 391 092)	(36 337 761)
Consumer debtors	(70 615 916)	(41 343 662)	(70 615 917)	(41 343 662)
Other receivables from non-exchange transactions	(32 433 398)	(38 376 420)	(32 433 398)	(38 376 420)
Payables from exchange transactions	28 542 963	8 262 222	28 674 760	8 303 399
VAT	3 907 420	3 156 009	2 977 048	3 531 707
Unspent conditional grants and receipts	(17 415 380)	(10 453 420)	(17 415 380)	(10 453 420)
Consumer deposits	3 729 079	(17 520)	3 729 079	(17 520)
	122 039 422	143 421 923	122 071 716	143 811 011
37. Auditors remuneration				
Fees - Auditor General of South Africa	3 628 094	3 763 417	3 448 595	3 531 645
Consulting	167 828	26 308	-	-
	3 795 922	3 789 725	3 448 595	3 531 645

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
38. Commitments				
Authorised expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	20 328 356	111 042 253	19 299 102	111 042 253
• Internal audit (GTEDA)	125 731	65 265	-	-
• Annual report development (GTEDA)	-	65 000	-	-
• IT Support (GTEDA)	23 940	27 360	-	-
• Tzaneen Steel Industry (GTEDA)	-	354 817	-	-
• Cellphone (GTEDA)	22 200	68 820	-	-
• Panasonic copier rental (GTEDA)	110 262	167 790	-	-
• Other financial assets	46 701 273	42 725 825	49 499 334	42 725 825
	67 311 762	154 517 130	68 798 436	153 768 078
Total capital commitments				
Already contracted for but not provided for	<u>67 311 762</u>	<u>154 517 130</u>	<u>68 798 436</u>	<u>153 768 078</u>

Capital commitments represent future, capital expenditure. The municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the medium-term revenue and expenditure framework (MTREF).

Cathu Consulting is an Internal Audit Company re-appointed for a period not exceeding two years for provision of internal audit services.

Bohlabelo Computers is an IT support contract at R 3 420 per month for a period of 12 months from 01/02/2018 to 31/01/2019.

Vodacom contracts for the following officials, these are cellphone contracted for 24 months:
Project manager (29/04/2017 to 30/04/2019). R 2 220 p.m.

Panasonic is a company contracted for the rental of copier machine at R 4 794 per months for a period of three years (01/05/2017 to 30/05/2020).

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

The expenditure will be financed by:

Internal advances	47 648 407	55 230 804	40 164 334	54 481 752
Government grants	-	898 206	-	898 206
MIG grants	19 663 355	98 388 120	18 634 102	98 388 120
	67 311 762	154 517 130	58 798 436	153 768 078

39. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 45 million. The merits must still be determined and could result in a lesser or greater amount.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Expectra 388 CC vs Greater Tzaneen Municipality				
On the 29th of May 2015, the municipality was sued for termination of contract for the roads D3198 / D3215 from Senakwe to Morapalala.	-	17 766 852	-	17 766 852
Mapheto Business Enterprise vs Greater Tzaneen Municipality				
The municipality is being sued for unlawful termination of contract for provision of physical security services, the matter is pending in High Court from 2016.	27 000 000	-	27 000 000	-
Letaba Pakkers vs Greater Tzaneen Municipality				
The municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by the municipality. The matter is pending in the Magistrate Court from 2017.	170 000	-	170 000	-
C van der Merwe vs Greater Tzaneen Municipality				
Mrs C van der Merwe who was the employee of the municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by council.	916 511	-	916 511	-
Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality				
Hlimbyi is suing the municipality for unlawful termination of contract for provision of physical security contract. The matter is pending in the High Court from 2015.	27 307 440	-	27 307 440	-
Thabo Molepo vs Greater Tzaneen Municipality				
In 2009, Mr Thabo Molepo sued the municipality for unlawful arrest which was caused by the conduct of the municipal traffic officer, the case had been settled pending finalisation by the High Court	100 000	-	100 000	-
Phinnet vs Greater Tzaneen Municipality				
ITEC Finance is suing Phinnet Communication and the municipality for breach of contract for the services of managed printing in the municipality. The case has been settled with Phinnet pending finalisation of ITEC part of case.	1 200 000	-	1 200 000	-

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Malunga Tax Consultants vs Greater Tzaneen Municipality				
The Municipality is involved in payment dispute with Malunga Tax Consultants for not honouring their contract to review and recover VAT, SDL, UIF and PAYE, the matter is still pending in the High Court.	7 896 584	7 896 584	7 896 584	7 896 584
Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality				
The Municipality has been served with a letter of demand by Siphiwe, which claims that their contract were terminated unlawfully, the matter is still pending at the Arbitration stage.	1 200 000	36 629 634	1 200 000	36 629 634
Maria Malatji vs Greater Tzaneen Municipality				
The plaintiff Maria Malatji has issued summons against the municipality for the sum of R 3 000 000 as a result of damages allegedly caused by a flood.	3 000 000	-	3 000 000	-
Bernado Tounge vs Greater Tzaneen Municipality				
The plaintiff Bernado Tounge has issued summons against the municipality for the sum of R 300 000 as a result of damages allegedly caused by a flood.	300 000	-	300 000	-
Total	66 090 535	62 293 070	66 090 535	62 293 070

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 4 987 000 (2016/2017 R 9 804 923). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the municipality for inspection.

Other in GTEDA

Case No: JR142/16

Mr A. Mushwana was suspended with pay, thereafter dismissed with effect from 18 May 2015 as imposed by the presiding officer after having followed due disciplinary hearing processes; and the case was awarded in favour of GTEDA by the CCMA.

Subsequently, Mr A. Mushwana proceeded the matter to the High Court in terms of the provisions of section 145 of the Labour Relations Act 66 of 1995, for an order to review and set aside the CCMA ruling awarded in favour of GTEDA. The potential extent of the liability cannot be determined at this stage.

Mushwana vs GTEDA in the Tzaneen Magistrate Court

Case No: 2834/15

Mr. A Mushwana, after being dismissed on 18 May 2015, approached the Magistrate Court for the Subdistrict of Tzaneen. He is pleading for compensation for his alleged bonus and Pay as You Earn (PAYE) which he alleges was not paid to the South African Revenue Service (SARS).

The contingent liability is R120 000.

Labour R100 000.

Output VAT on Grants

Provision for VAT payable has been made, this is a result of the entity not declaring output VAT on grants received from its funders i.e. the Greater Tzaneen Municipality and Industrial Development Corporation.

Penalties and interest might be payable to SARS as a result of resubmission of VAT returns, subsequently, no provision had been made based on the fact that GTEDA is still in negotiations with SARS and this cannot be measured reliably.

Phadima Group Holding vs Greater Tzaneen Municipality

On or during the 2007 to 2009, the parties (the Municipality and Phadima Phadima) entered into three written agreements with regards to the development of an immoveable property know as Avis Park Extension 53, Tzaneen ("The Property"). The matter is still pending in high court with leave to appeal in the Supreme Court been denied and the municipality is looking at liquidating Phadima Phadima at high court.

912 800	-	912 800	-
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Greater Tzaneen Municipality

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40. Related parties

Relationships

Municipal Manager	BS Matlala
Chief Financial Officer	MP Makhubela
Director Community Services	HA Nkuna
Director Civil Engineering	CW Molokomme
Director Corporate Services	W Shibamba
Director Electrical Engineering	MS Lelope
Director Planning and Economic Development	B Mathebula
Councillors	Refer to note 29 for list councillors

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions.

Loans granted to related parties

In terms of the MFMA the municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004. Loans granted prior to this date as well as stand sale arrangement are disclosed in note 4 to the annual financial statements.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R 6 254 650 (2017: R 5 906 832), excluding VAT.

Mopani District Municipality

Greater Tzaneen Municipality acts as the service provider for Mopani District Municipality (MDM) with regards to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records. Mopani District Municipality has no control over the council of Greater Tzaneen Municipality and cannot influence council in making financial or operational decisions.

The balance owing by MDM to GTM at year end amounts R 209 840 260 (2017: R 176 890 916)

Section 57 Managers and Councillors

Refer to note 26 for detail of remuneration paid to Section 57 Managers and to note 28 for remuneration paid to Councillors.

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of person	Capacity in which the person is in service	Successful tenderer	Amount
H. Maake	Manager in Human Resources	Baobab Trading	R 216 196
H. Maake	Manager in Human Resources	White Hall Tradings and Projects 64	R 286 931
XP. Sibisi	Compliance Officer	Rivisi Electrical Contractors	R 5 507 531
			<u>R 6 010 658</u>

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41. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2018.

Economic entity

At 30 June 2018	Less than 1 year	Between 1 and 2 years
Other financial liabilities	9 585 798	92 315 414
Finance lease obligation	824 306	602 667
Payables from exchange transactions, excluding payments received in advance	204 362 830	-

At 30 June 2017	Less than 1 year	Between 1 and 2 years
Other financial liabilities	17 075 913	102 661 330
Finance lease obligation	1 758 832	3 558 300
Payables from exchange transactions, excluding payments received in advance	178 667 625	-

Controlling entity

At 30 June 2018	Less than 1 year	More than 1 year
Other financial liabilities	9 585 798	92 315 414
Finance lease obligation	824 306	602 667
Payables from exchange transactions, excluding payments received in advance	200 421 094	-

At 30 June 2017	Less than 1 year	More than 1 year
Other financial liabilities	17 075 913	102 661 330
Finance lease obligation	1 758 832	3 558 300
Trade and other payables from exchange transactions, excluding payments received in advance	170 471 168	-

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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Potential concentrations of credit risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2018	Economic entity - 2017	Controlling entity - 2018	Controlling entity - 2017
Receivables from exchange transactions	238 417 559	220 822 902	252 892 821	220 788 584
Receivables from non-exchange transactions	43 961 105	73 382 503	43 961 106	75 870 945
Cash and cash equivalents	8 056 079	32 550 519	7 490 665	31 839 163
Consumer debtors	135 341 383	107 035 128	135 341 383	107 035 128
Other financial assets	29 335 284	27 843 366	29 335 284	27 843 366
Total	455 111 410	461 634 418	469 021 259	463 377 186

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The municipality is exposed to interest rate risk on its investments and long term borrowings.

A sensitivity analysis is done by the municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings at fixed rates expose the municipality to fair value interest rate risk.

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Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business, changes in the market prices will have a material impact on the trading results of the municipality.

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the municipality exposure to market risks on the manner which it manages and measures the risk.

42. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

43. Unauthorised expenditure

Opening balance	61 379 545	28 979 554	61 379 545	28 979 554
Unauthorised expenditure for the year (overspending of budget)	111 909 226	32 399 991	111 909 226	32 399 991
Unauthorised expenditure condoned by council	(61 379 545)	-	(61 379 545)	-
Unauthorised expenditure awaiting condonement	111 909 226	61 379 545	111 909 226	61 379 545

Unauthorised expenditure for the year is as a result of overspending of the approved budget.

The operational budget was exceeded on vote level which is summarised as follows:

Financial Services	R 103 583 886
Corporate services	R 2 747 352
Engineering services	R 5 355 918
Planning and economic development (PED)	R 222 070
Unauthorised expenditure	R 111 909 226

A detailed list of unauthorised expenditure is available at the municipality for inspection.

The unauthorised expenditure has been tabled to council and will investigated by a committee of council.

44. Fruitless and wasteful expenditure

Opening balance	7 395 508	1 318 966	7 327 483	1 267 444
Fruitless and wasteful expenditure	2 826 020	6 076 542	2 551 489	6 060 039
Fruitless and wasteful expenditure - prior year	3 645 340	-	3 645 340	-
Fruitless and wasteful expenditure awaiting condonement	13 866 868	7 395 508	13 524 312	7 327 483

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the municipality for inspection.

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Pending the results of the investigation the fruitless and wasteful expenditure might be condoned or recovered in the next financial year.

45. Irregular expenditure

Opening balance	92 575 025	66 550 324	92 575 025	66 550 324
Add: Irregular Expenditure - current year	12 252 915	26 024 701	12 252 915	26 024 701
Irregular expenditure awaiting condonement	104 827 940	92 575 025	104 827 940	92 575 025

Analysis of expenditure awaiting write off per age classification

Current year	12 252 915	26 024 701	12 252 915	26 024 701
Prior years	92 575 025	66 550 324	92 575 025	66 550 324
	104 827 940	92 575 025	104 827 940	92 575 025

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

A detailed list of irregular expenditure is available at the municipality for inspection

The irregular expenditure has been tabled to Council and was investigated by a committee of Council.

The irregular expenditure amounts are VAT inclusive.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	3 166 801	2 935 083	3 166 801	2 935 083
Amount paid - current year	(3 166 801)	(2 935 083)	(3 166 801)	(2 935 083)
	-	-	-	-

Skills Development Levy

Current year subscription / fee	2 515 609	2 608 789	2 515 609	2 608 789
Amount paid - current year	(2 515 609)	(2 608 789)	(2 515 609)	(2 608 789)
	-	-	-	-

Audit fees

Current year subscription / fee	3 668 634	3 311 606	3 668 634	3 311 606
Amount paid - current year	(3 668 634)	(3 311 606)	(3 668 634)	(3 311 606)
	-	-	-	-

PAYE and UIF

Current year subscription / fee	59 604 866	55 316 255	59 604 866	55 316 255
Amount paid - current year	(59 604 866)	(55 316 255)	(59 604 866)	(55 316 255)
	-	-	-	-

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Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017
Pension and Medical Aid Deductions				
Current year subscription / fee	69 239 043	64 884 991	69 239 043	64 884 991
Amount paid - current year	(69 239 043)	(64 884 991)	(69 239 043)	(64 884 991)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bargaining Council Levy				
Current year levy	137 389	131 037	137 389	131 037
Amount paid - current year	(137 389)	(131 037)	(137 389)	(131 037)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VAT				
VAT payable	<u>38 620 553</u>	<u>34 713 133</u>	<u>36 353 082</u>	<u>33 376 034</u>

VAT output payables and VAT input receivables are shown in note 15.

All VAT returns have been submitted by the due date throughout the year.

Councillors

Arrear consumer accounts

30 June 2018

The following Councillors had arrear accounts for more than 90 days at 30 June 2018.

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: JT Makhubele	1 294	74 191	75 485
Councillor: C Machimana	1 868	598	2 466
Councillor: FT Mohlaba	987	675	1 662
	<u>4 149</u>	<u>75 464</u>	<u>79 613</u>

30 June 2017

The following Councillor had an arrear account for more than 90 days at 30 June 2017

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: JT Makubele	3 305	61 983	65 288

47. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

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	2018	2017	2018	2017

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the consolidated financial statements.

Deviation from supply chain management regulations did occur.

The classification of deviations:

Emergencies on service delivery	4 498 555	10 766 531	4 498 555	10 766 531
Deviations on appointment alternative service providers due current service providers having pending litigations with the municipality	13 128 194	-	13 128 194	-
Deviation on general internal municipal operations and human resources	2 676 644	-	2 676 644	-
	<u>20 303 393</u>	<u>10 766 531</u>	<u>20 303 393</u>	<u>10 766 531</u>

A detailed deviation register is available at the Municipality for inspection.

49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	<u>101 901 212</u>	<u>119 737 243</u>	<u>101 901 212</u>	<u>119 737 243</u>
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External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 12 for more detail regarding long-term borrowings.

50. Distribution losses

Units purchased (kWh)	377 371 088	371 600 668	377 371 088	371 600 668
Units lost during distribution (kWh)	83 060 406	81 444 950	83 060 406	81 444 950
Percentage lost during distribution	22.01 %	21.92 %	22.01 %	21.92 %
Rand value	108 946 468	99 452 443	108 946 468	99 452 443

The municipality has engaged in a two year investigation project to address the distribution losses. The project includes the upgrading of infrastructure.

51. Budget differences

Material differences between budget and actual amounts

51.1 Explanation of variances between approved and final budget greater than 10%

The variance between the approved and final budget is due to adjustments approved on the adjustment budget and virements approved by directors. The increase in the Capital Budget is due to Capital projects rolled over from the previous financial year.

Statement of Financial Performance

Revenue

Service charges

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity. Another contributing factor is the distribution loss of 22.01%

Rental of facilities and equipment

The higher than anticipated revenue on rental of facilities is due to the increment of lease agreements entered during the year.

Interest received - outstanding receivables

The increase on outstanding debtors is due to the late payment on debtors accounts.

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Income from agency services

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue.

Licences and permits

The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans approved and clearance certificates issued.

Other income

This higher than anticipated income is due to grant administration fees and VAT on grant transferred from grants and subsidies.

Interest received - external investment

The increase is as a result of the annual additional investment made during the year, annual capitalisation of interest on investment and interest earned on bank account.

Property rates

The increase is due to annual increases, improvement of buildings and implementation of new valuation roll 2017-2022.

Property rates - penalties imposed

The increase in penalties is due to late payments of debtors accounts and increment on debtors book.

Public contributions and donation

The municipality received a donation of speed humps from TBC (Pty) Ltd on Agatha street.

Fines

The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed whilst the budgeted amount represents only cash received.

Expenditure

Employee cost

The underspending is due to vacant posts especially section 56 and 57 whose contracted period expired and that were not filled immediately during the year.

Collection cost

The overspending was due to the amount paid to debt collectors for legal fees.

Debt impairment

The increase is due to write offs of bad debts done during the year and the impairment of traffic fines.

Grants and subsidies paid

The high spending is due to the roads that were constructed on behalf of RAL and are transferred to RAL as grants and subsidies.

Repairs and maintenance

The lower than anticipated spending is due to the under expenditure on the council owned vehicle usage and repairs and maintenance on electricity distribution network.

Finance costs

The lower than anticipation is due to the new loan that was applied for not approved during the year that resulted in underspending.

Impairment of assets

The actual amount represent transformers impaired during the year due to change in condition assessment.

General expenses

The underspending is due to the amount for provincial share vehicle license fee transferred to province.

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Loss on disposal of assets

Loss on disposal of investment property and PPE during the year is due to assets written off after investigation, mainly transformers and minor assets.

Fair value adjustment

The actual amount represents the implementation of new valuation roll with regard to the fair value of investment property.

Statement of Financial Position

Assets

Consumer debtors

During the budget preparation the municipality was anticipating that consumer debtors book would reduce due to credit control measures.

Receivables from non-exchange transactions

The budget amount represents only cash received whilst the actual amount represents total traffic fines issued. The actual is disclosed according to GRAP1.

Operating lease assets

The increase is due to the actual amount received less than straight lined amount.

Cash and cash equivalents

The municipality closed with a positive bank balance due to the unspent conditional grants and other factors.

Property, plant and equipment

The reduction in PPE is due to the depreciation of completed projects and write offs of infrastructure assets.

Intangible assets

The increase is due to the capitalisation of new licence fees and software.

Other financial assets

The increase is as a result of the annual additional investment as acquired during the year and annual capitalisation of the interest earned on the investment.

Liabilities

Other financial liabilities

The reduction is due to the loans that were redeemed during the year

Finance lease obligation

The decrease in finance lease is due to the termination of the photocopiers contract.

Payables from exchange transactions

The municipality had creditors and retention amount not paid out at year end.

VAT Payable

The outstanding balance represents an amount owed to SARS not paid at year end.

Unspent conditional grants and receipts

The unspent conditional grants is higher than anticipated due to the outstanding balance of R 2.7 million under INEP grant.

Provisions

The appointment of four directors and the municipal manager was done in the last quarter of the financial year under review.

Greater Tzaneen Municipality

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Other financial liabilities

The lower than anticipation is due to loans that were redeemed during the year and a new loan that was applied for and not approved during the year.

Finance lease obligation

The decrease in finance lease is due to the termination of photocopiers contract.

Employee benefit obligations

The decrease is as per the actuarial report.

Statement of Cash Flows

Interest income

The decrease is due to the inclusion of interest on outstanding debtors amount received under sale of goods and services.

Suppliers

The huge increase is due to the roads constructed on behalf of RAL and transferred from capital to operating as grants and subsidies.

Finance costs

The lower than anticipation is due to the new loan that was applied for but not approved during the year.

Transfer of property, plant and equipment

The actual amount represent capitalisation of completed projects transferred from WIP to infrastructure assets.

Additions to property, plant and equipment

The underspending is due to budget amounts which includes capital projects that have been transferred to RAL as grants and subsidies during the financial year under review.

Proceeds on disposal/ write off of property, plant and equipment

The municipality yielded better gain after the disposal of assets.

Sale of investment property

Investment property Nkowankowa C sold during the year.

Additions to intangible assets

The difference is due to the acquisition of new licence fees and software.

Long term liabilities

The budget amount represent the loan amount that was supposed to be received during the financial year.

Repayment of financial liabilities

The budget amount includes the loan amount that was supposed to be received during the financial year, which lead to a reduction in the repayment amount.

Accumulated surplus

The reduction in accumulated surplus is due to the higher than unexpected provision of impairment and roads transferred to RAL.

52. Fair value adjustments

Investment property (Fair value model)	10 444 300	-	10 444 300	-
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The Greater Tzaneen Municipality fair valued its investment properties using the valuation roll that came into effect on the 01 July 2017 which is reviewed every four years.

The effect of the fair value adjustment on investment properties amounted to R 10 444 300.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
	2018	2017 Restated*	2018	2017 Restated*
53. Investment revenue				
Interest revenue				
Interest received - investment	4 427 275	8 253 077	4 427 275	8 253 077
Interest received - trading	18 445 969	15 364 908	18 395 501	15 321 021
	22 873 244	23 617 985	22 822 776	23 574 098
An amount of R 2 750 228 (2017: R 3 541 298) included in Investment revenue arises from fixed deposit transactions amounting to R 243 500 000 (2017: R 21 795 339), while the balance of R 1 677 047 (2017: R 4 711 779) arises from interest received on the municipalities current bank account.				
54. Fines revenue				
Revenue for traffic fines issued	37 451 500	43 172 920	37 451 500	43 172 920
Other fines	535 146	470 341	535 146	470 341
	37 986 646	43 643 261	37 986 646	43 643 261
55. Loss / (gain) on disposal/ write off of assets				
Property, plant and equipment	(25 924 361)	(923 404)	(25 924 361)	(923 404)
	-	-	(25 924 361)	(923 404)
Stands held for sale (inventories)	-	542 895	-	542 895
	(25 924 361)	(380 509)	(25 924 361)	(380 509)
56. Depreciation and amortisation				
Property, plant and equipment	125 969 336	128 950 594	125 931 130	128 921 131
Intangible assets	686 948	439 430	682 374	425 828
	126 656 284	129 390 024	126 613 504	129 346 959
57. Debt impairment movements				
Receivables from exchange transactions	10 286 853	(1 198 772)	10 286 853	(1 198 772)
Receivables from non-exchange transactions	42 309 663	51 400 742	42 309 663	51 400 742
Fines	64 343 237	8 197 158	64 343 237	8 197 158
	116 939 753	58 399 128	116 939 753	58 399 128

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2018	2017	2018	2017

58. Change in estimate

Property, plant and equipment

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives to change; infrastructure assets useful life changed from ten (10) to eleven (11) years on average. Other assets changed from one (1) to two (2) years on average. Intangible assets changed from one (1) to three (3) years on average. The effect of the change in accounting estimates has resulted in a decrease of depreciation amounting to R 6 243 078 for the current period. The effect on future periods could not reasonably be determined.

The change in estimates affected the following classes of assets:

- Infrastructure assets
- Community assets
- Other assets
- Leased assets
- Intangible assets

59. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-period adjustments and reclassification.

Economic Entity

Statement of Financial Position 2016

R 52 937 150

PPE

2016/06/30	Land previously classified as Investment property R 911 000
2016/06/30	Land capitalisation previously not recorded R 19 430 640
2016/06/30	Reduction in land due to private land recorded in register - R 3 813 004
2016/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 16 469
2016/06/30	Accumulated depreciation for leased assets due to change in useful life previously not reviewed R 987 371
2016/06/30	Reduction in infrastructure due to electricity assets incorrectly capitalised -R570 700
2016/06/30	Accumulated depreciation for electricity assets incorrectly capitalised R338 875
2016/06/30	Change in accumulated depreciation for electricity infrastructure due to impairment loss reversed R2 506 602
2016/06/30	Increase in infrastructure assets due to Dan road previously not capitalised R23 073 784
2016/06/30	Accumulated depreciation for infrastructure road previously not capitalised -R3 085 355
2016/06/30	Increase in community assets due to Lenyenye stadium previously not capitalised R12 632 000
2016/06/30	Accumulated depreciation for community assets previously not capitalised -R4 161 403
2016/06/30	Increase in community assets due to Lenyenye community hall previously not capitalised R6 673 500
2016/06/30	Accumulated depreciation for community assets previously not capitalised -R2 031 092
2016/06/30	Correction of prior year cost of assets understated with R28 463

R 348 376

Intangible assets

2016/06/30	Accumulated amortisation to intangible assets due to change in life span R 348 376
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R 24 101 000

Investment property

2016/06/30	Reduction of investment property due to duplicated properties in the register -R 351 000
2016/06/30	Reduction of investment property due to land incorrectly classified previously as investment property - R 911 000
2016/06/30	Investment properties previously not recorded in the register R 25 363 000

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

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-R 65 970 077 Accumulated Surplus

2016/06/30	Land previously classified incorrectly as Investment property -R911 000
2016/06/30	Accumulated amortisation due to intangible assets due to change in lifespan - R 348 376
2016/06/30	Reduction of investment property due to duplicated properties in the register R 351 000
2016/06/30	Investment properties previously not recorded - R 25 363 000
2016/06/30	Land capitalisation not recorded - R 19 430 640
2016/06/30	Reduction in land due to private land recorded in the register R 3 813 004
2016/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised - R 16 469
2016/06/30	Accumulated depreciation for lease assets due to change in useful life previously not reviewed - R 987 371
2016/06/30	Reduction of Investment property due to land incorrectly classified previously as Investment property R 911 000
2016/06/30	Reduction in infrastructure due to electricity assets incorrectly capitalised R570 700
2016/06/30	Accumulated depreciation for electricity assets incorrectly capitalised -R338 875
2016/06/30	Change in Accumulated Depreciation for Electricity Infrastructure due to impairment loss reversed - R2 506 603
2016/06/30	Increase in infrastructure assets due to Dan road previously not capitalised -R23 073 785
2016/06/30	Accumulated depreciation for infrastructure road previously not capitalised R3 085 355
2016/06/30	Increase in community assets due to lenyenye stadium previously not capitalised -R12 632 000
2016/06/30	Accumulated depreciation for community assets previously not capitalised R4 161 403
2016/06/30	Increase in community assets due to Lenyenye community hall previously not capitalised -R6 673 500
2016/06/30	Accumulated depreciation for community assets previously not capitalised R2 031 092
2016/06/30	INEP Grant not accounted for R 11 359 523
2016/06/30	Correction of prior year accumulated depreciation overstated R 28 463

- R 11 359 523 Unspent Conditional Grants

2016/06/30	INEP Grant not accounted for - R 11 359 523
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* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Statement of Financial Position 2017

R 49 848 153 **PPE**

2017/06/30	Land previously classified incorrectly as investment property R 911 000
2017/06/30	Land capitalisation previously not recorded R 19 430 640
2017/06/30	Reduction in land due to private land recorded in the register -R 3 813 004
2017/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 16 469
2017/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 38 588
2017/06/30	Accumulated depreciation for Leased assets due to change in useful life previously not reviewed R 987 371
2017/06/30	Accumulated depreciation for Leased assets due to change in useful life previously not reviewed -R 824 655
2017/06/30	Reduction in infrastructure due to electricity assets incorrectly capitalised -R570 700
2017/06/30	Accumulated depreciation for electricity assets incorrectly capitalised R377 517
2017/06/30	Change in accumulated depreciation for electricity infrastructure due to impairment loss reversed R2 506 603
2017/06/30	Increase in infrastructure assets due to Dan road previously not capitalised R23 073 785
2017/06/30	Accumulated depreciation for infrastructure road previously not capitalised - R4 628 033
2017/06/30	Increase in community assets due to lenyenye stadium previously not capitalised R12 632 000
2017/06/30	Accumulated depreciation for community assets previously not capitalised - R4 617 180
2017/06/30	Increase in community assets due to lenyenye community hall previously not capitalised R6 673 500
2017/06/30	Accumulated depreciation for community assets previously not capitalised - R2 253 542
2017/06/30	Accumulated depreciation for infrastructure assets due to impairment loss reversed - R 109 618
2017/06/30	Correction of prior year accumulated depreciation understated R7 154
2017/06/30	Correction of prior period cost of assets understated R24 554.

R 218 204 **Intangible assets**

2017/06/30	Accumulated amortisation due to change in life span not previously reviewed R 348 376
2017/06/30	Accumulated amortisation due to change in life span not previously reviewed - R 130 172

R 24 101 000 **Investment property**

2017/06/30	Reduction in investment property due to duplicated properties in the register - R 351 000
2017/06/30	Reduction in investment property due to land incorrectly classified previously as investment property - R 911 000
2017/06/30	Investment properties previously not recorded in the register R 25 363 000

- R 239 400 **Accounts receivable**

2017/06/30	Reduction in debtors due to cancelled deed sale -R 239 400
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- R 270 909 **Receivables from non-exchange transactions**

2017/06/30	Receivables overstated relating to traffic fines -R 270 909
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- R 220 041 **Payables from exchange transactions**

2017/06/30	Audit fees not previously accounted for - R 220 041
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- R 1 176 422 **Unspent conditional grants**

2017/06/30	INEP grant not accounted for - R 11 359 523
2017/06/30	Unconditional grants written off R 1 414 083
2017/06/30	Overspending of INEP grant written back R 8 760 017

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

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Figures in Rand

- R 243 858 Other financial liabilities

2017/06/30 Overstatement of othr financial liabilities: DBSA loan - R 243 858

Controlling Entity

Statement of Financial Position 2016

R 52 908 687 PPE

2016/06/30 Land previously classified as Investment property R 911 000
2016/06/30 Land capitalisation previously not recorded R 19 430 640
2016/06/30 Reduction in land due to private land recorded in register - R 3 813 004
2016/06/30 Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 16 469
2016/06/30 Accumulated depreciation for leased assets due to change in useful life previously not reviewed R 987 371
2016/06/30 Reduction in infrastrcutre due to electricity assets incorrectly capitalised -R570 700
2016/06/30 Accumulated depreciation for electricity assets incorrectly capitalised R338 875
2016/06/30 Change in accumulated depreciation for electricity infrastructure due to impairment loss reversed R2 506 602
2016/06/30 Increase in infrastructure assets due to Dan road previously not capitalised R23 073 784
2016/06/30 Accumulated depreciation for infrastructure road previously not capitalised -R3 085 355
2016/06/30 Increase in community assets due to Lenyenye stadium previously not capitalised R12 632 000
2016/06/30 Accumulated depreciation for community assets previously not capitalised -R4 161 403
2016/06/30 Increase in community assets due to Lenyenye community hall previously not capitalised R6 673 500
2016/06/30 Accumulated depreciation for community assets previously not capitalised -R2 031 092

R 348 376 Intangible assets

2016/06/30 Accumulated amortisation to intangible assets due to change in life span R 348 376
R 24 101 000 Investment property
2016/06/30 Reduction of investment property due to duplicated properties in the register -R 351 000
2016/06/30 Reduction of investment property due to land incorrectly classified previously as investment property - R 911 000
2016/06/30 Investment properties previously not recorded in the register R 25 363 000

R 24 101 000 Investment property

2016/06/30 Reduction of investment property due to duplicated properties in the register -R 351 000
2016/06/30 Reduction of investment property due to land incorrectly classified previously as investment property - R 911 000
2016/06/30 Investment properties previously not recorded in the register R 25 363 000

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

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Figures in Rand

-R 65 998 540 Accumulated Surplus

2016/06/30	Land previously classified incorrectly as Investment property -R911 000
2016/06/30	Accumulated amortisation due to intangible assets due to change in lifespan - R 348 376
2016/06/30	Reduction of investment property due to duplicated properties in the register R 351 000
2016/06/30	Investment properties previously not recorded - R 25 363 000
2016/06/30	Land capitalisation not recorded - R 19 430 640
2016/06/30	Reduction in land due to private land recorded in the register R 3 813 004
2016/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised - R 16 469
2016/06/30	Accumulated depreciation for lease assets due to change in usefullife previously not reviewed - R 987 371
2016/06/30	Reduction of Investment property due to land incorrectly classified previously as Investment property R 911 000
2016/06/30	Reduction in infrastructure due to electricity assets incorrectly capitalised R570 700
2016/06/30	Accumulated depreciation for electricity assets incorrectly capitalised -R338 875
2016/06/30	Change in Accumulated Depreciation for Electricity Infrastructure due to impairment loss reversed - R2 506 603
2016/06/30	Increase in infrastructure assets due to Dan road previously not capitalised -R23 073 785
2016/06/30	Accumulated depreciation for infrastructure road previously not capitalised R3 085 355
2016/06/30	Increase in community assets due to lenyenye stadium previously not capitalised -R12 632 000
2016/06/30	Accumulated depreciation for community assets previously not capitalised R4 161 403
2016/06/30	Increase in community assets due to Lenyenye community hall previously not capitalised -R6 673 500
2016/06/30	Accumulated depreciation for community assets previously not capitalised R2 031 092
2016/06/30	INEP grant not accounted for R 11 359 523.

- R 11 359 523 Unspent Conditional Grants

2016/06/30	INEP Grant not accounted for - R 11 359 523
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* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

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Statement of Financial Position 2017

<u>R 49 830 753</u>	<u>PPE</u>
2017/06/30	Land previously classified incorrectly as investment property R 911 000
2017/06/30	Land capitalisation previously not recorded R 19 430 640
2017/06/30	Reduction in land due to private land recorded in the register -R 3 813 004
2017/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 16 469
2017/06/30	Reduction in accumulated depreciation for electricity infrastructure due to auto reclosers incorrectly capitalised R 38 588
2017/06/30	Accumulated depreciation for Leased assets due to change in useful life previously not reviewed R 987 371
2017/06/30	Accumulated depreciation for Leased assets due to change in useful life previously not reviewed -R 824 655
2017/06/30	Reduction in infrastructure due to electricity assets incorrectly capitalised -R570 700
2017/06/30	Accumulated depreciation for electricity assets incorrectly capitalised R377 517
2017/06/30	Change in accumulated depreciation for electricity infrastructure due to impairment loss reversed R2 506 603
2017/06/30	Increase in infrastructure assets due to Dan road previously not capitalised R23 073 785
2017/06/30	Accumulated depreciation for infrastructure road previously not capitalised - R4 628 033
2017/06/30	Increase in community assets due to lenyenye stadium previously not capitalised R12 632 000
2017/06/30	Accumulated depreciation for community assets previously not capitalised - R4 617 180
2017/06/30	Increase in community assets due to lenyenye community hall previously not capitalised R6 673 500
2017/06/30	Accumulated depreciation for community assets previously not capitalised - R2 253 542
2017/06/30	Accumulated depreciation for infrastructure assets due to impairment loss reversed - R 109 618
<u>R 218 204</u>	<u>Intangible assets</u>
2017/06/30	Accumulated amortisation due to change in life span not previously reviewed R 348 376
2017/06/30	Accumulated amortisation due to change in life span not previously reviewed - R 130 172
<u>R 24 101 000</u>	<u>Investment property</u>
2017/06/30	Reduction in investment property due to duplicated properties in the register - R 351 000
2017/06/30	Reduction in investment property due to land incorrectly classified previously as investment property - R 911 000
2017/06/30	Investment properties previously not recorded in the register R 25 363 000
<u>- R 239 400</u>	<u>Accounts receivable</u>
2017/06/30	Reduction in debtors due to cancelled deed sale -R 239 400
<u>- R 270 909</u>	<u>Receivables from non-exchange transactions</u>
2017/06/30	Receivables overstated relating to traffic fines -R 270 909
<u>- R 220 041</u>	<u>Payables from exchange transactions</u>
2017/06/30	Audit fees not previously accounted for - R 220 041
<u>- R 1 176 422</u>	<u>Unspent conditional grants</u>
2017/06/30	INEP grant not accounted for - R 11 359 523
2017/06/30	Unconditional grants written off R 1 414 083
2016/06/30	Overspending of INEP grant written back R 8 760 017

* See Note 59

Greater Tzaneen Municipality

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- R 243 858

Other financial liabilities

2017/06/30

Overstatement of othr financial liabilities: DBSA loan - R 243 858

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Economic Entity Statement of Financial Position	2016 previously reported	Correction of errors	2016 Restated
Assets			
Current Assets			
Inventory	16 293 576	-	16 293 576
Other financial assets	2 145 732	-	2 145 732
Operating lease asset	96 889	-	96 889
Receivables from exchange transaction	183 289 360	-	183 289 360
Receivables from non-exchange transactions	45 691 683	-	45 691 683
Consumer debtors	117 092 212	-	117 092 212
Cash and cash equivalents	55 477 361	-	55 477 361
Non - Current Assets			
Investment properties	141 940 000	24 101 000	166 041 000
Property, plant and equipment	1 620 184 449	52 937 150	1 673 121 599
Intangible assets	602 790	348 376	951 166
Other Financial assets	20 939 720	-	20 939 720
Liabilities			
Current Liabilities			
Other financial liabilities	(27 864 801)	-	(27 864 801)
Finance lease obligation	(253 825)	-	(253 825)
Payables from exchange transactions	(170 405 296)	-	(170 405 296)
VAT Payable	(31 557 124)	-	(31 557 124)
Consumer debtors	(23 146 904)	-	(23 146 904)
Unspent conditional grants and receipts	(19 434 127)	(11 359 522)	(30 793 649)
Provisions	(688 535)	-	(688 535)
Non-Current Liabilities			
Other financial liabilities	(127 739 669)	-	(127 739 669)
Employee benefit obligation	(85 763 760)	-	(85 763 760)
Provisions	(3 823 570)	-	(3 823 570)
Contributed capital	(100)	-	(100)
Accumulated surplus	1 713 076 061	66 027 004	1 779 103 065

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

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Figures in Rand

Controlling Entity Statement of Financial Position	2016 previously reported	Correction of errors	2016 Restated
Assets			
Current Assets			
Inventory	16 293 576	-	16 293 576
Other financial assets	2 145 732	-	2 145 732
Operating lease asset	96 889	-	96 889
Receivables from exchange transaction	183 252 043	-	183 252 043
Receivables from non-exchange transactions	45 691 683	-	45 691 683
Consumer debtors	117 092 212	-	117 092 212
Cash and cash equivalents	54 369 420	-	54 369 420
Non - Current Assets			
Investment properties	141 940 000	24 101 000	166 041 000
Property, plant and equipment	1 620 118 989	52 908 687	1 673 027 676
Intangible assets	581 125	348 376	929 501
Other Financial assets	20 939 720	-	20 939 720
Liabilities			
Current Liabilities			
Other financial liabilities	(27 864 801)	-	(27 864 801)
Finance lease obligation	(253 825)	-	(253 825)
Payables from exchange transactions	(170 058 066)	-	(170 058 066)
VAT Payable	(29 844 327)	-	(29 844 327)
Consumer debtors	(23 146 904)	-	(23 146 904)
Unspent conditional grants and receipts	(19 434 127)	(11 359 522)	(30 793 649)
Provisions	(688 535)	-	(688 535)
Non-Current Liabilities			
Other financial liabilities	(127 626 647)	-	(127 626 647)
Employee benefit obligation	(85 763 760)	-	(85 763 760)
Provisions	(3 823 570)	-	(3 823 570)
Accumulated surplus	1 714 016 827	65 998 541	1 780 015 368

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Economic Entity Statement of Financial Position	2017 previously reported	Correction of errors	2017 Restated
Assets	-	-	-
Current Assets			
Inventories	14 753 202	-	14 753 202
Other financial assets	2 908 489	(239 400)	2 669 089
Operating lease asset	149 816	-	149 816
Receivables from exchange transactions	220 822 902	-	220 822 902
Receivables from non-exchange transactions	76 141 854	(270 909)	75 870 945
Consumer debtors	107 035 128	-	107 035 128
Cash and cash equivalents	32 550 519	-	32 550 519
Non-Current Assets			
Investment property	149 081 753	24 101 000	173 182 753
Property, plant and equipment	1 560 745 985	49 848 153	1 610 594 138
Intangible assets	924 901	218 204	1 143 105
Other financial assets	25 174 275	-	25 174 275
Liabilities			
Current Liabilities			
Other financial liabilities	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transactions	(178 447 578)	(220 041)	(178 667 619)
VAT Payable	(34 713 133)	-	(34 713 133)
Consumer deposits	(23 129 386)	-	(23 129 386)
Unspent conditional grants and receipts	(19 163 806)	(1 176 422)	(20 340 228)
Provisions	(606 891)	-	(606 891)
Non-Current Liabilities			
Other financial liabilities	(102 417 471)	(243 859)	(102 661 330)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
	-	-	-
Accumulated surplus	1 720 988 483	72 016 726	1 793 005 209

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Controlling Entity Statement of Financial Position	2017 previously reported	Correction of errors	2017 Restated
	-	-	-
Assets			
Current Assets			
Inventories	14 753 202	-	14 753 202
Other financial assets	2 908 489	(239 400)	2 669 089
Operating lease asset	149 816	-	149 816
Receivables from exchange transactions	220 788 581	-	220 788 581
Receivables from non-exchange transactions	76 141 854	(270 909)	75 870 945
Consumer debtors	107 035 128	-	107 035 128
Cash and cash equivalents	31 839 163	-	31 839 163
Non-Current Assets			
Investment property	149 081 753	24 101 000	173 182 753
Property, plant and equipment	1 560 691 424	49 830 753	1 610 522 177
Intangible assets	916 838	218 204	1 135 042
Other financial assets	25 174 275	-	25 174 275
Liabilities			
Current Liabilities			
Other financial liabilities	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transactions	(178 141 419)	(220 041)	(178 361 460)
VAT Payable	(33 376 034)	-	(33 376 034)
Consumer deposits	(23 129 386)	-	(23 129 386)
Unspent conditional grants and receipts	(19 163 806)	(1 176 422)	(20 340 228)
Provisions	(606 891)	-	(606 891)
Non-Current Liabilities			
Other financial liabilities	(102 417 471)	(243 859)	(102 661 330)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
	-	-	-
Accumulated surplus	1 721 823 440	71 999 326	1 793 822 766

Economic entity Statement of Financial Performance 2017

R 3 236 574

Depreciation

2017/06/30	Change in amortisation due to life span not previously reviewed of intangible asset R 130 1732.50
2017/06/30	Depreciation due to electricity infrastructure incorrectly capitalised -R 38 587.76
2017/06/30	Change in depreciation due to leased assets useful life previously not reviewed R 824 654.99
2017/06/30	Decrease in depreciation due to electricity infrastructure incorrectly capitalised -R38 641.88
2017/06/30	Change in depreciation for electricity Infrastructure due to impairment loss reversed R109 617.84
2017/06/30	Change in depreciation due to roads Infrastructure previously not capitalised R1 542 677.52
2017/06/30	Depreciation for community assets due to Lenyenye stadium previously not capitalised R455 766.76
2017/06/30	Depreciation for Community assets due to lenyenye community hall previously not capitalised R222 450
2017/06/30	Correction of prior year depreciation overstated with R 28 463.

R 239 401

Stand sales

2017/06/30	Reduction of stand sales due to cancelled deed sale R 239 401.
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- R 270 909

Fines

2017/06/30	Fines previously overstated - R 270 909
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* See Note 59

Greater Tzaneen Municipality

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Figures in Rand

- R 130 837 **Finance cost**

2017/06/30 Understatement of finance cost: DBSA loan - R 130 837

- R 1 414 083 **Revenue from government grants and subsidies**

2017/06/30 Unconditional grants written off R 1 414 083

- R 220 039 **General expenses**

2017/06/30 General expenses understated: Audit fees not allocate R 220 039

R 8 769 017 **Government grants and subsidies**

2017/06/30 Overspending on grant written back R 8 769 017

Controlling entity

Statement of Financial Performance 2017

R 3 208 110 **Depreciation**

2017/06/30 Change in amortisation due to life span not previously reviewed of intangible asset R 130 173.

2017/06/30 Depreciation due to electricity infrastructure incorrectly capitalised -R 38 588

2017/06/30 Change in depreciation due to leased assets useful life previously not reviewed R 824 655

2017/06/30 Decrease in depreciation due to electricity infrastructure incorrectly capitalised -R38 642

2017/06/30 Change in depreciation for electricity Infrastructure due to impairment loss reversed R109 618

2017/06/30 Change in depreciation due to roads Infrastructure previously not capitalised R1 542 678

2017/06/30 Depreciation for community assets due to Lenyenye stadium previously not capitalised R455 767

2017/06/30 Depreciation for Community assets due to lenyenye community hall previously not capitalised R222 450

R 239 401 **Stand sales**

2017/06/30 Reduction of stand sales due to cancelled deed sale R 239 401.

- R 270 909 **Fines**

2017/06/30 Fines previously overstated - R 270 909

- R 130 837 **Finance cost**

2017/06/30 Understatement of finance cost: DBSA loan - R 130 837

R 1 414 083 **Revenue from grants and subsidies**

2017/06/30 Unconditional grants written off R 1 414 083

- R 220 045 **General expenses**

2017/06/30 General expenses understated: Audit fees not allocate R 220 045

R 8 769 017 **Government rants and subsidies**

2017/06/30 Overspending on grant written back R 8 769 017

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Economic Entity Statement of Financial Performance	2017 previously reported	Adjustment of errors	2017 Restated
Revenue			
Revenue from exchange transactions			
Service charges	447 720 635	(239 401)	447 481 234
Rental of facilities and equipment	1 644 365	-	1 644 365
Interest received (trading)	15 364 908	-	15 364 908
Agency services	6 304 686	-	6 304 686
Licenses and permits	824 244	-	824 244
Other income	44 716 716	1 414 082	46 130 798
Interest received - investment	8 253 077	-	8 253 077
Taxation revenue			
Property rates	80 787 849	-	80 787 849
Property rates - penalties imposed	8 157 882	-	8 157 882
Transfer revenue			
Government grants & subsidies	464 786 239	8 769 017	473 555 256
Fines	43 914 170	(270 909)	43 643 261
Expenditure			
Employee related cost	(270 103 599)	-	(270 103 599)
Remuneration of councillors	(23 265 242)	-	(23 265 242)
Depreciation and amortisation	(126 170 851)	(3 219 173)	(129 390 024)
Impairment of assets	(822 923)	-	(822 923)
Finance costs	(12 802 343)	(130 837)	(12 933 180)
Debt impairment	(58 399 128)	-	(58 399 128)
Collection costs	(421 407)	-	(421 407)
Repairs and maintenance	(35 242 643)	-	(35 242 643)
Bulk purchases	(321 519 584)	-	(321 519 584)
Contracted services	(46 904 302)	-	(46 904 302)
Grants and subsidies paid	(123 608 707)	-	(123 608 707)
General expenses	(99 911 667)	(220 039)	(100 131 706)
Loss on disposal of assets and liabilities	(923 406)	-	(923 406)
Gain (loss) on disposal of stands held for sale	542 895	-	542 895
Surplus/(loss) for the year	2 921 864	6 102 740	9 024 604

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Controlling Entity Statement of Financial Performance	2017 previously reported	Adjustment of errors	2017 Restated
Revenue			
Revenue from exchange transactions			
Service charges	447 720 635	(239 401)	447 481 234
Rental of facilities and equipment	1 644 365	-	1 644 365
Interest received (trading)	15 321 021	-	15 321 021
Agency services	6 304 686	-	6 304 686
Licenses and permits	824 244	-	824 244
Other income	44 716 715	1 414 083	46 130 798
Interest received - investment	8 253 077	-	8 253 077
Taxation revenue			
Property rates	80 787 849	-	80 787 849
Property rates - penalties imposed	8 157 882	-	8 157 882
Transfer revenue			
Government grants & subsidies	464 786 239	8 769 017	473 555 256
Fines	43 914 170	(270 909)	43 643 261
Expenditure			
Employee related cost	(267 338 989)	-	(267 338 989)
Remuneration of councillors	(22 457 384)	-	(22 457 384)
Depreciation and amortisation	(126 138 849)	(3 208 110)	(129 346 959)
Impairment of assets	(822 923)	-	(822 923)
Finance costs	(12 802 343)	(130 837)	(12 933 180)
Debt impairment	(58 399 128)	-	(58 399 128)
Collection costs	(421 406)	-	(421 406)
Repairs and maintenance	(35 018 927)	-	(35 018 927)
Bulk purchases	(321 519 584)	-	(321 519 584)
Contracted services	(46 904 302)	-	(46 904 302)
Grants and subsidies paid	(123 608 709)	-	(123 608 709)
General expenses	(98 811 209)	(220 040)	(99 031 249)
Loss on disposal of assets and liabilities	(923 404)	-	(923 404)
Gain (loss) on disposal of stands held for sale	542 895	-	542 895
Surplus/(loss) for the year	7 806 621	6 113 803	13 920 424

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Economic Entity	2017 previously stated	Adjustment of errors	2017 restated
Cash Flow Statement			
Cash flows from operating activities			
Receipts			
Taxation revenue	69 332 452	-	69 332 452
Grants	477 979 917	17 266 356	495 246 273
Interest income	8 253 077	43 887	8 296 964
Sale of goods and services	508 843 524	(283 280)	508 560 244
Payments			
Employee costs	(294 909 502)	-	(294 909 502)
Suppliers	(667 749 317)	(17 266 356)	(685 015 673)
Finance cost	(12 358 859)	(130 837)	(12 489 696)
Transfer of property, plant and equipment	54 400 868	-	54 400 868
Cash flows from investing activities			
Purchase to property, plant and equipment	(122 755 326)	-	(122 755 326)
Proceeds from sale of property, plant and equipment	185 000	-	185 000
Purchase of other intangible assets	(631 368)	-	(631 368)
Additions to investment property	(7 141 753)	-	(7 141 753)
Proceeds from of financial assets	(4 997 314)	239 400	(4 757 914)
Cash flow from financing activities			
Repayment of other financial liabilities	(35 998 064)	130 837	(35 867 227)
Finance lease payments	4 619 823	-	4 619 823
Net increase / (decrease) in cash and cash equivalents	(22 926 842)	-	(22 926 835)
Cash and cash equivalents at the beginning of the year	55 477 362	-	55 477 362
Cash and cash equivalents at the end of the year	32 550 519	-	32 550 519

* See Note 59

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Financial Statements

Figures in Rand

Controlling Entity	2017 previously	Adjustment of	2017 restated
Cash Flow Statement	stated	errors	
Cash flows from operating activities			
Receipts			
Taxation revenue	69 332 452	-	69 332 452
Grants	477 979 917	11 359 524	489 339 441
Interest income	8 253 077	-	8 253 077
Sale of goods and services	508 665 495	(239 403)	508 426 092
Payments			
Employee costs	(291 337 034)	-	(291 337 034)
Suppliers	(670 754 666)	(11 359 523)	(682 114 189)
Finance cost	(12 358 859)	(130 837)	(12 489 696)
Transfer of property, plant and equipment	54 400 868	-	54 400 868
Cash flows from investing activities			
Purchase to property, plant and equipment	(122 747 829)	-	(122 747 829)
Proceeds from sale of property, plant and equipment	185 000	-	185 000
Purchase of other intangible assets	(631 368)	-	(631 368)
Additions to investment property	(7 141 753)	-	(7 141 753)
Proceeds from of financial assets	(4 997 314)	239 400	(4 757 914)
Cash flow from financing activities			
Repayment of other financial liabilities	(35 998 064)	130 837	(35 867 227)
Finance lease payments	4 619 823	-	4 619 823
Net increase / (decrease) in cash and cash equivalents	(22 530 255)	-	(22 530 257)
Cash and cash equivalents at the beginning of the year	54 360 420	-	54 369 420
Cash and cash equivalents at the end of the year	31 839 163	-	31 839 163

* See Note 59

Appendix A

Schedule of external loans as at 30 June 2018

	Balance at 30 June 2017	Prior period error	Received during the period	Redeemed written off during the period	Balance at 30 June 2018
	Rand	Rand	Rand	Rand	Rand
Annuity loans					
DBSA	7 738 405	-	-	7 738 405	-
DBSA	33 655 026	243 859	-	1 857 017	32 041 868
INCA	5 523 180	-	-	3 569 763	1 953 417
ABSA	19 673 107	-	-	1 332 351	18 340 756
STANDARD BANK	8 147 524	-	-	3 582 352	4 565 172
	74 737 242	243 859	-	18 079 888	56 901 213
Loan stock					
STANDARD BANK	30 000 000	-	-	-	30 000 000
DEVELOPMENT BANK OF SA	15 000 000	-	-	-	15 000 000
	45 000 000	-	-	-	45 000 000
Total external loans					
Annuity loans	74 737 242	243 859	-	18 079 888	56 901 213
Loan stock	45 000 000	-	-	-	45 000 000
	119 737 242	243 859	-	18 079 888	101 901 213

Appendix B

Analysis of property, plant and equipment as at 30 June 2018

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Reclassifying journals Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Reclassifying journals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure														
Roads	1 243 336 597	219 488	-	-	-	-	1 243 556 085	(565 541 292)	-	-	(70 961 715)	-	(636 503 007)	607 053 078
Storm water	45 200 114	15 127 997	-	-	-	-	60 328 111	(28 629 602)	-	-	(2 380 992)	-	(31 010 594)	29 317 517
Solid Waste	1 577 142	-	-	-	-	-	1 577 142	(396 207)	-	-	(51 353)	-	(447 560)	1 129 582
Buildings	905 583	906 457	-	-	-	-	1 812 040	(184 929)	-	-	(548 902)	-	(733 831)	1 078 209
Reticulation	25 875 819	157 596	-	-	-	-	26 033 415	(4 433 849)	-	-	(1 013 913)	(396 327)	(5 844 089)	20 189 326
Refuse sites	44 565 595	-	-	-	-	-	44 565 595	(10 792 216)	-	-	(1 591 035)	-	(12 383 251)	32 182 344
Airports	191 751	-	-	-	-	-	191 751	(76 753)	-	-	(19 175)	-	(95 928)	95 823
Plant and Machinery	203 695	-	-	-	-	-	203 695	(138 897)	-	-	(11 273)	-	(150 170)	53 525
Traffic	347 170	-	-	-	-	-	347 170	(231 277)	-	-	(23 118)	-	(254 395)	92 775
Water	198 000	-	-	-	-	-	198 000	(79 254)	-	-	(19 800)	-	(99 054)	98 946
Electricity	934 581 096	11 390 716	(91 000 660)	-	-	-	854 971 152	(411 133 934)	67 358 468	-	(37 179 220)	(2 443 573)	(383 398 259)	471 572 893
Land and Buildings	20 962 094	-	-	-	-	-	20 962 094	(8 786 053)	-	-	(265 456)	-	(9 051 509)	11 910 585
	2 317 944 656	27 802 254	(91 000 660)	-	-	-	2 254 746 250	(1 030 424 263)	67 358 468	-	(114 065 952)	(2 839 900)	(1 079 971 647)	1 174 774 603
Community Assets														
Parks & gardens	28 401 036	-	-	-	-	-	28 401 036	(2 024 525)	-	-	(48 531)	-	(2 073 056)	26 327 980
Fencing	528 369	2 601 851	-	-	-	-	3 130 220	(70 181)	-	-	(40 294)	-	(110 475)	3 019 745
Roads	11 579 900	6 073 535	-	-	-	-	17 653 435	(3 815 698)	-	-	(70 347)	-	(3 886 045)	13 767 390
Municipal offices	16 312 802	-	-	-	-	-	16 312 802	(8 565 954)	-	-	(349 657)	-	(8 915 611)	7 397 191
Libraries	7 542 888	-	-	-	-	-	7 542 888	(957 548)	-	-	(47 107)	-	(1 004 655)	6 538 233
Traffic centre	862 000	-	-	-	-	-	862 000	(55 376)	-	-	(1 326)	-	(56 702)	805 298
Museums	1 307 643	-	-	-	-	-	1 307 643	(270 500)	-	-	(7 435)	-	(277 935)	1 029 708
Airports	128 586	-	-	-	-	-	128 586	(128 586)	-	-	-	-	(128 586)	-
Recreational facilities	34 179 245	36 866 639	-	-	-	-	71 045 884	(12 418 906)	-	-	(1 579 932)	-	(13 998 838)	57 047 046
Cemeteries	3 777 737	-	-	-	-	-	3 777 737	(365 595)	365 595	-	-	-	-	3 777 737
Road and Subgrade	10 419 805	-	-	-	-	-	10 419 805	(534 164)	-	-	(955 253)	-	(1 489 417)	8 930 388
Buildings	27 539 185	2 959 446	(453 735)	-	-	-	30 044 896	(3 341 702)	-	-	(1 010 445)	-	(4 352 147)	25 692 749
Land and buildings	1 296 000	-	-	-	-	-	1 296 000	-	-	-	-	-	-	1 296 000
	143 875 196	48 501 471	(453 735)	-	-	-	191 922 932	(32 548 735)	365 595	-	(4 110 327)	-	(36 293 467)	155 629 465

Appendix B

Analysis of property, plant and equipment as at 30 June 2018

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Reclassifying journals Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Reclassifying journals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in progress														
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased assets														
Leased assets	14 349 107	-	(3 428 887)	-	-	-	10 920 220	(6 878 977)	838 170	-	(1 969 810)	-	(8 010 617)	2 909 603
	14 349 107	-	(3 428 887)	-	-	-	10 920 220	(6 878 977)	838 170	-	(1 969 810)	-	(8 010 617)	2 909 603
Other assets														
Computer equipment	8 576 149	178 880	(298 811)	-	-	(29 828)	8 426 390	(5 812 007)	285 191	29 828	(716 108)	-	(6 213 096)	2 213 294
Furniture and Fittings	2 441 754	25 736	(44 209)	-	-	5 275	2 428 556	(1 679 500)	41 600	(5 275)	(168 543)	-	(1 811 718)	616 838
Office Equipment	2 389 439	36 667	(112 792)	-	-	-	2 313 314	(2 077 459)	111 376	-	(128 197)	-	(2 094 280)	219 034
Electricity	56 299	-	(56 300)	-	-	-	(1)	(47 280)	51 971	-	(4 693)	-	(2)	(3)
Plant and Machinery	11 387 453	285 037	(4 022 900)	-	-	-	7 649 590	(7 376 810)	3 091 192	-	(1 028 450)	-	(5 314 068)	2 335 522
Health Equipment	244 936	-	(11 646)	-	-	-	233 290	(238 631)	11 646	-	(3 410)	-	(230 395)	2 895
Parks	30 718	-	-	-	-	-	30 718	(15 475)	-	-	(1 536)	-	(17 011)	13 707
Buildings	5 416 005	-	(27 469)	-	-	-	5 388 536	(2 717 161)	22 443	-	(232 507)	-	(2 927 225)	2 461 311
Security Measures	632 195	-	(549 664)	-	-	-	82 531	(252 085)	228 481	-	(28 978)	-	(52 582)	29 949
Weapons	105 048	-	-	-	-	-	105 048	(85 110)	-	-	(6 027)	-	(91 137)	13 911
Motor Vehicles	37 859 872	-	-	-	-	-	37 859 872	(28 916 246)	-	-	(3 481 251)	-	(32 397 497)	5 462 375
Land	4 788	-	(4 788)	-	-	-	-	-	-	-	-	-	-	-
Minor Assets	1 223 792	23 552	-	-	-	-	1 247 344	(1 220 508)	-	-	(23 544)	-	(1 244 052)	3 292
	70 368 448	549 872	(5 128 579)	-	-	(24 553)	65 765 188	(50 438 272)	3 843 900	24 553	(5 823 244)	-	(52 393 063)	13 372 125

Appendix B

Analysis of property, plant and equipment as at 30 June 2018

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Reclassifying journals Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Reclassifying journals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 317 944 656	27 802 254	(91 000 660)	-	-	-	2 254 746 250	(1 030 424 263)	67 358 468	-	(114 065 952)	(2 839 900)	1 079 971 647	1 174 774 603
Community Assets	143 875 196	48 501 471	(453 735)	-	-	-	191 922 932	(32 548 735)	365 595	-	(4 110 327)	-	(36 293 467)	155 629 465
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased assets	14 349 107	-	(3 428 887)	-	-	-	10 920 220	(6 878 977)	838 170	-	(1 969 810)	-	(8 010 617)	2 909 603
Other assets	70 368 448	549 872	(5 128 579)	-	-	(24 553)	65 765 188	(50 438 272)	3 843 900	24 553	(5 823 244)	-	(52 393 063)	13 372 125
	2 730 884 386	124 629 007	(101 021 861)	(75 728 464)	-	(24 553)	2 678 738 515	(1 120 290 247)	72 406 133	24 553	(125 969 333)	(2 839 900)	1 176 668 794	1 502 069 721
Intangible Assets														
Computer software	2 502 992	1 150 797	-	-	-	-	3 653 789	(1 359 887)	-	-	(686 948)	-	(2 046 835)	1 606 954
Website	45 051	-	-	-	-	-	45 051	(45 051)	-	-	-	-	(45 051)	-
	2 548 043	1 150 797	-	-	-	-	3 698 840	(1 404 938)	-	-	(686 948)	-	(2 091 886)	1 606 954
Investment properties														
Investment property	173 182 753	-	(570 000)	-	10 444 300	-	183 057 053	-	-	-	-	-	-	183 057 053
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	173 182 753	-	(570 000)	-	10 444 300	-	183 057 053	-	-	-	-	-	-	183 057 053
Total														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 317 944 656	27 802 254	(91 000 660)	-	-	-	2 254 746 250	(1 030 424 263)	67 358 468	-	(114 065 952)	(2 839 900)	1 079 971 647	1 174 774 603
Community Assets	143 875 196	48 501 471	(453 735)	-	-	-	191 922 932	(32 548 735)	365 595	-	(4 110 327)	-	(36 293 467)	155 629 465
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased assets	14 349 107	-	(3 428 887)	-	-	-	10 920 220	(6 878 977)	838 170	-	(1 969 810)	-	(8 010 617)	2 909 603
Other assets	70 368 448	549 872	(5 128 579)	-	-	(24 553)	65 765 188	(50 438 272)	3 843 900	24 553	(5 823 244)	-	(52 393 063)	13 372 125
Intangible Assets	2 548 043	1 150 797	-	-	-	-	3 698 840	(1 404 938)	-	-	(686 948)	-	(2 091 886)	1 606 954
Investment properties	173 182 753	-	(570 000)	-	10 444 300	-	183 057 053	-	-	-	-	-	-	183 057 053
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2 906 615 182	125 779 804	(101 591 861)	(75 728 464)	10 444 300	(24 553)	2 865 494 408	(1 121 695 185)	72 406 133	24 553	(126 656 281)	(2 839 900)	1 178 760 680	1 686 733 728

Appendix B

June 2018

Analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Prior period correction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Prior period correction Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	125 358 946	-	-	-	-	-	125 358 946	-	-	-	-	-	-	125 358 946
	125 358 946	-	-	-	-	-	125 358 946	-	-	-	-	-	-	125 358 946
Infrastructure														
Roads	1 242 427 958	908 640	-	-	-	-	1 243 336 598	(491 305 243)	-	-	(74 236 047)	-	(565 541 290)	677 795 308
Storm water	41 532 409	3 667 705	-	-	-	-	45 200 114	(25 707 948)	-	-	(2 921 654)	-	(28 629 602)	16 570 512
Solid Waste	1 577 142	-	-	-	-	-	1 577 142	(344 854)	-	-	(51 353)	-	(396 207)	1 180 935
Buildings	772 937	132 646	-	-	-	-	905 583	(146 981)	-	-	(37 948)	-	(184 929)	720 654
Reticulation	25 894 099	-	(18 280)	-	-	-	25 875 819	(3 455 811)	1 875	-	(979 914)	-	(4 433 850)	21 441 969
Refuse sites	44 413 261	152 334	-	-	-	-	44 565 595	(9 203 485)	-	-	(1 588 731)	-	(10 792 216)	33 773 379
Airports	191 751	-	-	-	-	-	191 751	(57 578)	-	-	(19 175)	-	(76 753)	114 998
Plant and Machinery	203 695	-	-	-	-	-	203 695	(115 318)	-	-	(23 579)	-	(138 897)	64 798
Traffic	347 170	-	-	-	-	-	347 170	(208 159)	-	-	(23 118)	-	(231 277)	115 893
Water	198 000	-	-	-	-	-	198 000	(59 454)	-	-	(19 800)	-	(79 254)	118 746
Electricity	907 688 513	27 308 590	(416 007)	-	-	-	934 581 096	(373 894 329)	219 033	-	(36 635 717)	(822 923)	(411 133 936)	523 447 160
Land and Buildings	20 962 094	-	-	-	-	-	20 962 094	(7 860 939)	-	-	(925 113)	-	(8 786 052)	12 176 042
	2 286 209 029	32 169 915	(434 287)	-	-	-	2 317 944 657	(912 360 099)	220 908	-	(117 462 149)	(822 923)	1 030 424 263	1 287 520 394
Community Assets														
Parks & gardens	28 401 036	-	-	-	-	-	28 401 036	(1 902 375)	-	-	(122 160)	-	(2 024 535)	26 376 501
Fencing	528 369	-	-	-	-	-	528 369	(49 654)	-	-	(20 527)	-	(70 181)	458 188
Roads	11 579 900	-	-	-	-	-	11 579 900	(3 422 377)	-	-	(393 321)	-	(3 815 698)	7 764 202
Municipal offices	16 312 802	-	-	-	-	-	16 312 802	(7 690 733)	-	-	(875 221)	-	(8 565 954)	7 746 848
Libraries	7 542 888	-	-	-	-	-	7 542 888	(839 636)	-	-	(117 912)	-	(957 548)	6 585 340
Traffic centre	862 000	-	-	-	-	-	862 000	(52 057)	-	-	(3 319)	-	(55 376)	806 624
Museums	1 307 643	-	-	-	-	-	1 307 643	(251 890)	-	-	(18 610)	-	(270 500)	1 037 143
Airports	128 586	-	-	-	-	-	128 586	(128 586)	-	-	-	-	(128 586)	-
Recreational facilities	34 179 245	-	-	-	-	-	34 179 245	(10 963 274)	-	-	(1 455 632)	-	(12 418 906)	21 760 339
Cemeteries	3 777 737	-	-	-	-	-	3 777 737	(321 436)	-	-	(44 161)	-	(365 597)	3 412 140
Road and Subgrade	1 409 639	9 010 167	-	-	-	-	10 419 806	(399 009)	-	-	(135 155)	-	(534 164)	9 885 642
Buildings	15 643 026	11 896 159	-	-	-	-	27 539 185	(2 732 602)	-	-	(609 088)	-	(3 341 690)	24 197 495
Land and Buildings	1 296 000	-	-	-	-	-	1 296 000	-	-	-	-	-	-	1 296 000
	122 968 871	20 906 326	-	-	-	-	143 875 197	(28 753 629)	-	-	(3 795 106)	-	(32 548 735)	111 326 462

Appendix B

Analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Prior period correction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Prior period correction Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in Progress														
Work in Progress	52 887 257	60 501 644	-	(54 400 868)	-	-	58 988 033	-	-	-	-	-	-	58 988 033
	52 887 257	60 501 644	-	(54 400 868)	-	-	58 988 033	-	-	-	-	-	-	58 988 033
Leased Assets														
Leased Assets	12 373 187	5 718 519	(3 742 598)	-	-	-	14 349 108	(8 046 906)	3 000 776	-	(1 832 849)	-	(6 878 979)	7 470 129
	12 373 187	5 718 519	(3 742 598)	-	-	-	14 349 108	(8 046 906)	3 000 776	-	(1 832 849)	-	(6 878 979)	7 470 129
Other assets														
Computer Equipment	7 744 726	988 160	(186 564)	-	-	29 829	8 576 151	(5 268 195)	82 937	(6 795)	(619 957)	-	(5 812 010)	2 764 141
Furniture and Fittings	2 177 138	269 891	-	-	-	(5 275)	2 441 754	(1 545 520)	-	7 448	(141 428)	-	(1 679 500)	762 254
Office Equipment	2 554 619	43 543	(208 722)	-	-	-	2 389 440	(2 092 145)	159 314	3 257	(147 885)	-	(2 077 459)	311 981
Electricity	56 299	-	-	-	-	-	56 299	(42 587)	-	-	(4 693)	-	(47 280)	9 019
Plant and Machinery	10 422 910	965 328	-	-	-	-	11 388 238	(6 549 588)	-	-	(828 007)	-	(7 377 595)	4 010 643
Health Equipment	244 936	-	-	-	-	-	244 936	(235 220)	-	-	(3 411)	-	(238 631)	6 305
Parks	30 718	-	-	-	-	-	30 718	(13 939)	-	-	(1 536)	-	(15 475)	15 243
Buildings	5 416 005	-	-	-	-	-	5 416 005	(2 483 593)	-	-	(233 568)	-	(2 717 161)	2 698 844
Security Measures	632 195	-	-	-	-	-	632 195	(223 107)	-	-	(28 978)	-	(252 085)	380 110
Weapons	105 048	-	-	-	-	-	105 048	(79 083)	-	-	(6 027)	-	(85 110)	19 938
Motor Vehicles	36 678 972	1 180 900	-	-	-	-	37 859 872	(25 082 330)	-	-	(3 833 916)	-	(28 916 246)	8 943 626
Land	4 788	-	-	-	-	-	4 788	-	-	-	-	-	-	4 788
Minor Assets	1 276 400	11 884	(64 494)	-	-	-	1 223 790	(1 272 966)	64 327	-	(11 869)	-	(1 220 508)	3 282
	67 344 754	3 459 706	(459 780)	-	-	24 554	70 369 234	(44 888 273)	306 578	3 910	(5 861 275)	-	(50 439 060)	19 930 174

Appendix B

Analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Prior period correction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Prior period correction Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	125 358 946	-	-	-	-	-	125 358 946	-	-	-	-	-	-	125 358 946
Infrastructure	2 286 209 029	32 169 915	(434 287)	-	-	-	2 317 944 657	(912 360 099)	220 908	-	(117 462 149)	(822 923)	1 030 424 263	1 287 520 394
Community Assets	122 968 871	20 906 326	-	-	-	-	143 875 197	(28 753 629)	-	-	(3 795 106)	-	(32 548 735)	111 326 462
Work in Progress	52 887 257	60 501 644	-	(54 400 868)	-	-	58 988 033	-	-	-	-	-	-	58 988 033
Leased Assets	12 373 187	5 718 519	(3 742 598)	-	-	-	14 349 108	(8 046 906)	3 000 776	-	(1 832 849)	-	(6 878 979)	7 470 129
Other assets	67 344 754	3 459 706	(459 780)	-	-	24 554	70 369 234	(44 888 273)	306 578	3 910	(5 861 275)	-	(50 439 060)	19 930 174
	2 667 142 044	122 756 110	(4 636 665)	(54 400 868)	-	24 554	2 730 885 175	(994 048 907)	3 528 262	3 910	(128 951 379)	(822 923)	1 120 291 037	1 610 594 138
Intangible assets														
Computer - Software	1 871 624	631 367	-	-	-	-	2 502 991	(929 482)	-	-	(430 404)	-	(1 359 886)	1 143 105
	1 916 675	631 367	-	-	-	-	2 548 042	(974 533)	-	-	(430 404)	-	(1 404 937)	1 143 105
Investment properties														
Investment property	166 041 000	7 141 753	-	-	-	-	173 182 753	-	-	-	-	-	-	173 182 753
	166 041 000	7 141 753	-	-	-	-	173 182 753	-	-	-	-	-	-	173 182 753
Total														
Land and buildings	125 358 946	-	-	-	-	-	125 358 946	-	-	-	-	-	-	125 358 946
Infrastructure	2 286 209 029	32 169 915	(434 287)	-	-	-	2 317 944 657	(912 360 099)	220 908	-	(117 462 149)	(822 923)	1 030 424 263	1 287 520 394
Community Assets	122 968 871	20 906 326	-	-	-	-	143 875 197	(28 753 629)	-	-	(3 795 106)	-	(32 548 735)	111 326 462
Work in Progress	52 887 257	60 501 644	-	(54 400 868)	-	-	58 988 033	-	-	-	-	-	-	58 988 033
Leased Assets	12 373 187	5 718 519	(3 742 598)	-	-	-	14 349 108	(8 046 906)	3 000 776	-	(1 832 849)	-	(6 878 979)	7 470 129
Other assets	67 344 754	3 459 706	(459 780)	-	-	24 554	70 369 234	(44 888 273)	306 578	3 910	(5 861 275)	-	(50 439 060)	19 930 174
Intangible assets	1 916 675	631 367	-	-	-	-	2 548 042	(974 533)	-	-	(430 404)	-	(1 404 937)	1 143 105
Investment properties	166 041 000	7 141 753	-	-	-	-	173 182 753	-	-	-	-	-	-	173 182 753
	2 835 099 719	130 529 230	(4 636 665)	(54 400 868)	-	24 554	2 906 615 970	(995 023 440)	3 528 262	3 910	(129 381 783)	(822 923)	1 121 695 974	1 784 919 996

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2018 Cost/Revaluation

	Opening Balance	Additions	Disposals	Transfers	Reclassifying journals	Revaluation	Closing Balance	Opening Balance	Write offs	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality													
Mayor's Office	1 668 497	9 260	(5 530)	-	-	-	1 672 227	(516 345)	5 512	(286 112)	-	(796 945)	875 282
Municipal Manager	1 011 270	8 199	(38 170)	-	-	-	981 299	(497 810)	26 922	(121 389)	-	(592 277)	389 022
Planning and Development	4 640 304	113 641	(23 352)	-	-	-	4 730 593	(2 214 580)	23 318	(340 649)	-	(2 531 911)	2 198 682
Financial Service	4 348 597	37 202	(514 149)	-	-	-	3 871 650	(3 401 061)	481 114	(314 440)	-	(3 234 387)	637 263
Corporate Service	4 704 030	18 445	(38 467)	-	-	-	4 684 008	(2 594 611)	32 405	(485 607)	-	(3 047 813)	1 636 195
Engineering Service	1 351 684 300	16 298 290	(591 475)	-	-	-	1 367 391 115	(622 486 562)	278 269	(76 397 781)	-	(698 606 074)	668 785 041
Community Service	170 916 163	48 533 366	(575 227)	-	-	-	218 874 302	(51 088 032)	484 699	(5 897 554)	-	(56 500 887)	162 373 415
Electrical Engineering	966 937 444	11 835 975	(91 334 801)	-	-	-	887 438 618	(420 568 908)	67 679 566	(38 939 011)	(2 839 900)	(394 668 253)	492 770 365
Intangible	2 454 305	1 150 797	-	-	-	-	3 605 102	(1 319 263)	-	(682 371)	-	(2 001 634)	1 603 468
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	-	-	-	-	124 398 446
Leased	14 349 107	-	(3 428 886)	-	-	-	10 920 221	(6 878 978)	838 172	(1 969 811)	-	(8 010 617)	2 909 604
Investment Properties	173 182 753	-	(570 000)	-	-	10 444 300	183 057 053	-	-	-	-	-	183 057 053
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	-	-	-	-	-	30 985 479
Transport, Safety, Security and Liason	26 277 695	-	(3 461 806)	-	-	-	22 815 889	(10 043 360)	2 556 153	(1 216 979)	-	(8 704 186)	14 111 703
	2 906 521 444	125 780 585	(101 591 863)	(75 728 464)	-	10 444 300	2 865 426 002	1 121 609 510	72 406 130	(126 651 704)	(2 839 900)	1 178 694 984	1 686 731 018

Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year			Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
-	34 350 722	(34 350 722)	-	37 938 806	(37 938 806)
444 282 427	182 588 379	261 694 048	484 325 737	283 379 994	200 945 743
5 511 961	22 734 883	(17 222 922)	220 826	24 058 557	(23 837 731)
46 061	8 171 082	(8 125 021)	23 856	8 696 265	(8 672 409)
78 206	7 646 027	(7 567 821)	46 324	8 866 582	(8 820 258)
2 153 835	10 939 617	(8 785 782)	2 308 824	12 233 675	(9 924 851)
43 172 921	28 205 228	14 967 693	37 451 500	24 420 309	13 031 191
161 294	23 221 189	(23 059 895)	149 130	23 678 468	(23 529 338)
30 028 491	77 513 830	(47 485 339)	36 475 765	84 961 379	(48 485 614)
134 268 226	240 641 509	(106 373 283)	113 674 609	248 831 132	(135 156 523)
472 400 248	482 189 061	(9 788 813)	462 749 772	465 539 285	(2 789 513)
1 132 103 670	1 118 201 527	13 902 143	1 137 426 343	1 222 604 452	(85 178 109)

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2018

	Current year 2018 Act. Bal.	Current year 2018 Adjusted budget Rand	Variance Rand	% Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	99 289 522	84 000 000	15 289 522	18.2	Note 51
Service charges	485 060 405	532 683 153	(47 622 748)	(8.9)	Note 51
Property rates - penalties imposed	8 203 616	6 500 000	1 703 616	26.2	Note 51
Rental of facilities and equipment	1 781 896	1 372 100	409 796	29.9	Note 51
Interest received - outstanding receivable	18 445 969	13 000 000	5 445 969	41.9	Note 51
Income from agency services	7 988 116	50 264 291	(42 276 175)	(84.1)	Note 51
Fines	37 986 646	5 503 136	32 483 510	590.3	Note 51
Licences and permits	1 005 867	701 000	304 867	43.5	Note 51
Government grants and subsidies	428 692 119	468 988 143	(40 296 024)	(8.6)	Note 51
Public contributions and donation	49 272	-	49 272	-	
Other income	34 101 808	10 235 046	23 866 762	233.2	Note 51
Interest received - other	4 427 275	3 501 000	926 275	26.5	Note 51
	1 127 032 511	1 176 747 869	(49 715 358)	(4.2)	
Expenses					
Employee cost	(285 057 089)	(319 953 851)	34 896 762	(10.9)	Note 51
Remuneration of councillors	(25 387 968)	(25 639 333)	251 365	(1.0)	
Depreciation	(126 656 285)	(128 974 469)	2 318 184	(1.8)	
Impairments of assets	(2 839 900)	-	(2 839 900)	-	Note 51
Finance costs	(11 013 611)	(12 771 030)	1 757 419	(13.8)	Note 51
Debt impairment	(116 939 753)	(27 351 000)	(89 588 753)	327.6	Note 51
Collection costs	(1 770 028)	(400 000)	(1 370 028)	342.5	Note 51
Repairs and maintenance	(45 099 411)	(54 029 522)	8 930 111	(16.5)	Note 51
Bulk purchases	(325 455 993)	(345 000 000)	19 544 007	(5.7)	
Contracted Services	(48 050 548)	(49 840 292)	1 789 744	(3.6)	
Grants and subsidies paid	(113 263 620)	(39 178 999)	(74 084 621)	189.1	Note 51
General Expenses	(95 196 353)	(122 440 791)	27 244 438	(22.3)	Note 51
	(1 196 730 559)	(1 125 579 287)	(71 151 272)	6.3	
Other revenue and costs					
Gain or loss on disposal of assets	(25 924 361)	2 200 000	(28 124 361)	278.4	Note 51
Fair value adjustments	10 444 300	-	10 444 300	100.0	Note 51
	(15 480 061)	2 200 000	(17 680 061)	(803.6)	
Net surplus/ (deficit) for the year	(85 178 109)	53 368 582	(138 546 691)	(259.6)	

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2018

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Executive & Council Planning and Economic Development	- 113 641	- 235 000	- 121 359	- 52	This is due to delay in implementation of MSCOA, subsequently the MSCOA equipment was not purchased.
Health/Clinics	-	230 000	230 000	100	The municipality received money for greenest municipality competition during June 2018 and the money will be rolled over to the 2018/2019 financial year
Housing	826 160	819 703	6 457	1	Delays in supply chain process
Road Transport	34 137 340	120 851 207	(86 713 864)	(72)	The lower spending is due to the roads that were constructed on behalf of RAL and are transferred to RAL as grants and subsidies
Electricity /Electricity Distribution	13 824 180	47 025 000	(33 200 819)	(71)	The low spending is due to the new loan that was applied for and not approved during the year
	48 901 321	169 160 910	(119 556 867)	(71)	

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018**

2017/2018

2016/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard										
Governance and administration	414 550 007	-	414 550 007		414 550 007	473 881 440	59 331 433	114 %	114 %	444 282 428
Executive and council	1 100	-	1 100		1 100	-	(1 100)	- %	- %	-
Budget and treasury office	414 548 650	-	414 548 650		414 548 650	473 881 440	59 332 790	114 %	114 %	444 281 460
Corporate services	257	-	257		257	-	(257)	- %	- %	968
Community and public safety	7 449 620	230 000	7 679 620		7 679 620	39 979 634	32 300 014	521 %	537 %	45 612 319
Community and social services	67 629	-	67 629		67 629	46 324	(21 305)	68 %	68 %	78 206
Sport and recreation	560 766	-	560 766		560 766	149 130	(411 636)	27 %	27 %	161 294
Public safety	5 001 000	-	5 001 000		5 001 000	37 451 500	32 450 500	749 %	749 %	43 172 921
Housing	1 795 225	-	1 795 225		1 795 225	2 308 824	513 599	129 %	129 %	2 153 837
Health	25 000	230 000	255 000		255 000	23 856	(231 144)	9 %	95 %	46 061
Economic and environmental services	154 436 781	21 630 308	176 067 089		176 067 089	113 895 434	(62 171 655)	65 %	74 %	139 780 190
Planning and development	7 709 390	-	7 709 390		7 709 390	220 825	(7 488 565)	3 %	3 %	5 511 963
Road transport	146 727 391	21 630 308	168 357 699		168 357 699	113 674 609	(54 683 090)	68 %	77 %	134 268 227
Environmental protection	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Trading services	578 451 153	-	578 451 153		578 451 153	499 225 536	(79 225 617)	86 %	86 %	502 428 739
Electricity	527 098 300	-	527 098 300		527 098 300	462 749 772	(64 348 528)	88 %	88 %	472 400 248
Water	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Waste management	51 352 853	-	51 352 853		51 352 853	36 475 764	(14 877 089)	71 %	71 %	30 028 491
Waste management	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Other	-	-	-		-	50 468	50 468	DIV/0 %	DIV/0 %	-
Interest	-	-	-		-	50 468	50 468	DIV/0 %	DIV/0 %	175 032
Total Revenue - Standard	1 154 887 561	21 860 308	1 176 747 869		1 176 747 869	1 127 032 512	(49 715 357)	96 %	98 %	1 132 278 708

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018

2017/2018

2016/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard										
Governance and administration	218 541 148	-	218 541 148	30 489	218 571 637	298 343 907	79 772 270	136 %	137 %	218 960 201
Executive and council	40 415 012	-	40 415 012	(271 000)	40 144 012	37 938 806	(2 205 206)	95 %	94 %	34 350 722
Budget and treasury office	92 752 902	-	92 752 902	-	92 752 902	170 412 428	77 659 526	184 %	184 %	94 531 168
Corporate services	85 373 234	-	85 373 234	301 489	85 674 723	89 992 673	4 317 950	105 %	105 %	90 078 311
Community and public safety	92 243 715	-	92 243 715	39 513	92 283 228	77 895 299	(14 387 929)	84 %	84 %	78 183 143
Community and social services	8 847 851	-	8 847 851	(29 090)	8 818 761	8 866 582	47 821	101 %	100 %	7 646 027
Sport and recreation	27 014 853	-	27 014 853	-	27 014 853	23 678 468	(3 336 385)	88 %	88 %	23 221 189
Public safety	29 285 422	-	29 285 422	68 603	29 354 025	24 420 309	(4 933 716)	83 %	83 %	28 205 228
Housing	16 421 785	-	16 421 785	-	16 421 785	12 233 675	(4 188 110)	74 %	74 %	10 939 617
Health	10 673 804	-	10 673 804	-	10 673 804	8 696 265	(1 977 539)	81 %	81 %	8 171 082
Economic and environmental services	206 823 788	2 427 469	209 251 257	(35 998)	209 215 259	269 990 690	60 775 431	129 %	131 %	261 149 818
Planning and development	30 291 285	-	30 291 285	25 999	30 317 284	21 159 558	(9 157 726)	70 %	70 %	20 508 309
Road transport	176 532 503	2 427 469	178 959 972	(61 997)	178 897 975	248 831 132	69 933 157	139 %	141 %	240 641 509
Environmental protection	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Trading services	595 138 334	10 378 834	605 517 168	(8 005)	605 509 163	550 500 664	(55 008 499)	91 %	92 %	559 702 894
Electricity	507 509 547	10 378 834	517 888 381	-	517 888 381	465 539 287	(52 349 094)	90 %	92 %	482 189 063
Water	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Waste water management	7 562 945	-	7 562 945	10 000	7 572 945	5 972 911	(1 600 034)	79 %	79 %	6 820 956
Waste management	80 065 842	-	80 065 842	(18 005)	80 047 837	78 988 466	(1 059 371)	99 %	99 %	70 692 875
Other	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Other	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Total Expenditure - Standard	1 112 746 985	12 806 303	1 125 553 288	25 999	1 125 579 287	1 196 730 560	71 151 273	106 %	108 %	1 117 996 056
Budget and Treasury Office	2 200 000	-	2 200 000	-	2 200 000	(25 924 361)	(28 124 361)	(1 178)%	(1 178)%	(380 509)
Corporate services	-	-	-	-	-	10 444 300	10 444 300	DIV/0 %	DIV/0 %	-
Surplus/(Deficit) for the year	44 340 576	9 054 005	53 368 582		53 368 582	(85 178 109)	(138 546 691)	(160)%	(192)%	13 902 143

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2018

	2017/2018						2016/2017					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote												
Vote 2 - Planning & Economic Development	7 709 390	-	7 709 390		7 709 390	271 294	(7 438 096)	4 %	4 %			5 686 995
Vote 3 - Financial Services	414 548 650	-	414 548 650		414 548 650	473 881 438	59 332 788	114 %	114 %			444 281 460
Vote 4 - Corporate Services	1 357	-	1 357		1 357	-	(1 357)	- %	- %			968
Vote 5 - Community Services	107 292 539	230 000	107 522 539		107 522 539	88 846 290	(18 676 249)	83 %	83 %			89 005 364
Vote 7 - Electrical Engineering Services	527 098 300	-	527 098 300		527 098 300	462 749 772	(64 348 528)	88 %	88 %			472 400 248
Vote 8 - Engineering Services	98 237 325	21 630 308	119 867 633		119 867 633	101 283 717	(18 583 916)	84 %	103 %			120 903 672
Total Revenue by Vote	1 154 887 561	21 860 308	1 176 747 869		1 176 747 869	1 127 032 511	(49 715 358)	96 %	98 %			1 132 278 707
Expenditure by Vote to be appropriated												
Vote 1 - Municipal Manager	15 145 388	-	15 145 388	(41 400)	15 103 988	11 637 117	(3 466 871)	77 %	77 %	-	-	11 771 773
Vote 2 - Planning & Economic Development	36 645 297	-	36 645 297	29 090	36 674 387	29 982 811	(6 691 576)	82 %	82 %	222 070	(222 070)	27 038 718
Vote 3 - Financial Service	92 752 902	-	92 752 902	25 999	92 778 901	170 412 428	77 633 527	184 %	184 %	103 415 273	(103 415 273)	94 531 168
Vote 4 - Corporate services	101 964 169	-	101 964 169	41 400	102 005 569	104 752 921	2 747 352	103 %	103 %	2 747 352	(2 747 352)	104 915 111
Vote 5 - Community Services	204 770 699	-	204 770 699	(29 090)	204 741 609	175 663 282	(29 078 327)	86 %	86 %	-	-	162 794 072
Vote 7 - Electrical Engineering Services	507 509 547	10 378 944	517 888 491	-	517 888 491	465 539 285	(52 349 206)	90 %	92 %	-	-	482 189 060
Vote 8 - Engineering Services	153 958 873	2 427 469	156 386 342	-	156 386 342	238 742 715	82 356 373	153 %	155 %	5 355 917	(5 355 917)	234 756 153
Total Expenditure by Vote	1 112 746 875	12 806 413	1 125 553 288	25 999	1 125 579 287	1 196 730 559	71 151 272	106 %	108 %	111 740 612	(111 740 612)	1 117 996 055
Vote 3 - Financial services	2 200 000	-	2 200 000	-	2 200 000	(25 924 361)	(28 124 361)	(1 178)%	(1 178)%	-	-	(380 509)
Vote 2 - Planning and economic development	-	-	-	-	-	10 444 300	10 444 300	DIV/0 %	DIV/0 %	-	-	-
Surplus/(Deficit) for the year	44 340 686	9 053 895	53 394 581		53 368 582	(85 178 109)	(138 546 691)	(160)%	(192)%			13 902 143

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2018

	2017/2018						2016/2017			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Source										
Property rates	84 000 000	-	84 000 000		84 000 000	99 289 522	15 289 522	118 %	118 %	80 787 849
Property rates - penalties & collection charges	6 500 000	-	6 500 000		6 500 000	8 203 616	1 703 616	126 %	126 %	8 157 882
Service charges - electricity revenue	502 098 300	-	502 098 300		502 098 300	452 023 274	(50 075 026)	90 %	90 %	417 828 869
Service charges - water revenue	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Service charges - sanitation revenue	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Service charges - refuse revenue	27 434 853	-	27 434 853		27 434 853	30 990 314	3 555 461	113 %	113 %	27 526 219
Service charges - other	3 150 000	-	3 150 000		3 150 000	2 046 816	(1 103 184)	65 %	65 %	2 126 147
Rental of facilities and equipment	1 372 100	-	1 372 100		1 372 100	1 781 896	409 796	130 %	130 %	1 644 365
Interest earned - external investments	3 501 000	-	3 501 000		3 501 000	4 477 743	976 743	128 %	128 %	8 296 964
Interest earned - outstanding debtors	13 000 000	-	13 000 000		13 000 000	18 395 501	5 395 501	142 %	142 %	15 321 021
Municipal grants	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Fines	5 503 136	-	5 503 136		5 503 136	37 986 646	32 483 510	690 %	690 %	43 643 261
Licences and permits	701 000	-	701 000		701 000	1 005 867	304 867	143 %	143 %	824 244
Agency services	50 264 291	-	50 264 291		50 264 291	7 988 116	(42 276 175)	16 %	16 %	6 304 686
Transfers recognised - operational	355 982 935	-	355 982 935		355 982 935	405 924 035	49 941 100	114 %	114 %	434 533 042
Other revenue	10 235 046	-	10 235 046		10 235 046	44 546 111	34 311 065	435 %	435 %	46 130 799
Gains on disposal of PPE	2 200 000	-	2 200 000		2 200 000	-	(2 200 000)	- %	- %	-
Total Revenue (excluding capital transfers and contributions)	1 065 942 661	-	1 065 942 661		1 065 942 661	1 114 659 457	48 716 796	105 %	105 %	1 093 125 348

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2018

2017/2018

2016/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure by Type										
Employee related costs	320 277 794	-	320 277 794	(323 943)	319 953 851	286 017 058	(33 936 793)	89 %	89 %	270 911 462
Remuneration of councillors	25 707 949	-	25 707 949	(68 616)	25 639 333	24 432 412	(1 206 921)	95 %	95 %	22 457 384
Debt impairment	27 351 000	-	27 351 000	-	27 351 000	116 939 753	89 588 753	428 %	428 %	58 399 128
Depreciation & asset impairment	128 992 469	-	128 992 469	(18 000)	128 974 469	129 496 185	521 716	100 %	100 %	130 212 947
Finance charges	12 771 030	-	12 771 030	-	12 771 030	11 013 609	(1 757 421)	86 %	86 %	12 933 180
Bulk purchases	345 000 000	-	345 000 000	-	345 000 000	325 455 992	(19 544 008)	94 %	94 %	321 519 584
Repairs and maintenance	41 273 770	12 755 752	54 029 522	(2 064 287)	51 965 235	45 095 361	(6 869 874)	87 %	109 %	-
Contracted services	49 707 772	-	49 707 772	132 520	49 840 292	48 050 548	(1 789 744)	96 %	97 %	46 904 301
Transfers and grants	39 178 999	-	39 178 999	(759 000)	38 419 999	106 166 045	67 746 046	276 %	271 %	118 413 659
Other expenditure	122 486 092	-	122 486 092	2 727 286	125 213 378	103 220 676	(21 992 702)	82 %	84 %	136 956 188
Loss on disposal of PPE	-	-	-	-	-	25 924 361	25 924 361	DIV/0 %	DIV/0 %	380 509
Total Expenditure	1 112 746 875	12 755 752	1 125 502 627	(374 040)	1 125 128 587	1 221 812 000	96 683 413	109 %	110 %	1 119 088 342
Surplus/(Deficit)	(46 804 214)	(12 755 752)	(59 559 966)	374 040	(59 185 926)	(107 152 543)	(47 966 617)	181 %	229 %	(25 962 994)
Transfers recognised - capital	91 144 900	21 860 308	113 005 208		113 005 208	21 974 434	(91 030 774)	19 %	24 %	39 865 137
Contributions recognised - capital	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Contributed assets	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Surplus/(Deficit) after capital transfers & contributions	44 340 686	9 104 556	53 445 242		53 445 242	(85 178 109)	(138 623 351)	(159)%	(192)%	13 902 143
Taxation	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Surplus/(Deficit) after taxation	44 340 686	9 104 556	53 445 242		53 445 242	(85 178 109)	(138 623 351)	(159)%	(192)%	13 902 143
Attributable to minorities	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Surplus/(Deficit) attributable to municipality	44 340 686	9 104 556	53 445 242		53 445 242	(85 178 109)	(138 623 351)	(159)%	(192)%	13 902 143
Share of surplus/ (deficit) of associate	-	-	-		-	-	-	DIV/0 %	DIV/0 %	-
Surplus/(Deficit) for the year	44 340 686	9 104 556	53 445 242		53 445 242	(85 178 109)	(138 623 351)	(159)%	(192)%	13 902 143

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018

	2017/2018						2016/2017		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote									
Multi-year expenditure									
Single-year expenditure									
Vote 1 - Municipal Manager	-	-	-	-	-	-	DIV/0 %	DIV/0 %	15 727
Vote 2 - Planning and economic development	235 000	-	235 000	235 000	113 641	(121 359)	48 %	48 %	12 198 035
Vote 3 - Financial Services	-	-	-	-	-	-	DIV/0 %	DIV/0 %	28 118
Vote 4 - Corporate Services	-	-	-	-	-	-	DIV/0 %	DIV/0 %	2 804 581
Vote 5 - Community Services	-	230 000	230 000	230 000	-	(230 000)	- %	DIV/0 %	10 077
Vote 7 - Electrical Engineering Services	45 000 000	2 025 000	47 025 000	47 025 000	13 836 740	(33 188 260)	29 %	31 %	19 533 968
Vote 8 - Engineering Services	95 889 514	25 781 396	121 670 910	121 670 910	34 950 940	(86 719 970)	29 %	36 %	41 537 066
Capital single-year expenditure sub-total	141 124 514	28 036 396	169 160 910	169 160 910	48 901 321	(120 259 589)	29 %	35 %	76 127 572
Total Capital Expenditure - Vote	141 124 514	28 036 396	169 160 910	169 160 910	48 901 321	(120 259 589)	29 %	35 %	76 127 572

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018

2017/2018

2016/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard									
Governance and administration	-	-	-	-	-	-	DIV/0 %	DIV/0 %	9 650 175
Executive and council	-	-	-	-	-	-	DIV/0 %	DIV/0 %	1 054 440
Budget and treasury office	-	-	-	-	-	-	DIV/0 %	DIV/0 %	28 118
Corporate services	-	-	-	-	-	-	DIV/0 %	DIV/0 %	8 567 617
Economic and environmental services	96 124 514	25 781 396	121 905 910	121 670 910	35 077 141	(86 593 769)	29 %	36 %	42 083 442
Planning and development	235 000	-	235 000	235 000	113 641	(121 359)	48 %	48 %	546 377
Road transport	95 889 514	25 781 396	121 670 910	121 670 910	34 963 500	(86 707 410)	29 %	36 %	41 537 065
Environmental protection	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Trading services	45 000 000	2 025 000	47 025 000	47 025 000	13 824 180	(33 200 820)	29 %	31 %	19 544 045
Electricity	45 000 000	2 025 000	47 025 000	47 025 000	13 824 180	(33 200 820)	29 %	31 %	19 533 968
Waste management	-	-	-	-	-	-	DIV/0 %	DIV/0 %	10 077
Total Capital Expenditure - Standard	141 124 514	27 806 396	168 930 910	168 930 910	48 901 321	(120 029 589)	29 %	35 %	85 846 069
Funded by:									
National Government	91 144 900	21 860 308	113 005 208	113 005 208	21 925 162	(91 080 046)	19 %	24 %	39 865 137
Transfers recognised - capital	91 144 900	21 860 308	113 005 208	113 005 208	21 925 162	(91 080 046)	19 %	24 %	39 865 137
Public contributions & donations	-	-	-	-	49 272	49 272	DIV/0 %	DIV/0 %	20 406 510
Borrowing	34 744 614	(4 744 614)	30 000 000	30 000 000	1 741 491	(28 258 509)	6 %	5 %	9 424 956
Internally generated funds	15 235 000	10 920 702	26 155 702	26 155 702	25 185 396	(970 306)	96 %	165 %	27 376 356
Total Capital Funding	141 124 514	28 036 396	169 160 910	169 160 910	48 901 321	(120 259 589)	29 %	35 %	97 072 959

**Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2018**

	2017/2018					2016/2017			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Taxation	76 925 000	-	76 925 000	76 925 000	79 408 149	2 483 149	103 %	103 %	69 332 452
Sale of goods and services	525 468 339	-	525 468 339	525 468 339	534 633 696	9 165 357	102 %	102 %	508 604 124
Grants	439 982 000	6 030 000	446 012 000	446 012 000	472 679 141	26 667 141	106 %	107 %	495 246 273
Interest	11 550 700	-	11 550 700	11 550 700	4 427 275	(7 123 425)	38 %	38 %	8 253 077
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Employee cost	(315 102 089)	-	(315 102 089)	(315 102 089)	(310 851 048)	4 251 041	99 %	99 %	(294 909 502)
Suppliers	(597 499 605)	-	(597 499 605)	(597 499 605)	(723 769 172)	(126 269 567)	121 %	121 %	(685 015 673)
Finance cost	(12 771 030)	-	(12 771 030)	(12 771 030)	(10 217 083)	2 553 947	80 %	80 %	(12 489 696)
Transfer of property, plant and equipment	-	-	-	-	75 728 464	75 728 464	DIV/0 %	DIV/0 %	54 400 868
Net cash flow from/used operating activities	128 553 315	6 030 000	134 583 315	134 583 315	122 039 422	(12 543 893)	91 %	95 %	143 421 923
Cash flow from investing activities									
Additions property, plants and equipment	(140 889 514)	(28 036 396)	(168 925 910)	(168 925 910)	(124 629 792)	44 296 118	74 %	88 %	(122 755 326)
Transfers from Work in Progress	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Proceeds on disposal of property, plant and equipment	2 200 000	-	2 200 000	2 200 000	2 691 363	491 363	122 %	122 %	185 000
Loss on disposal of stands held for sale	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Additions to investment property	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(7 141 753)
Proceeds from sale of investment property	-	-	-	-	570 000	570 000	DIV/0 %	DIV/0 %	-
Loss on disposal of property, plant and equipment	-	-	-	-	(1 150 797)	(1 150 797)	DIV/0 %	DIV/0 %	(631 368)
Increase in financial assets	(920 000)	-	(920 000)	(920 000)	(1 491 918)	(571 918)	162 %	162 %	(4 757 914)
Net cash flow from/used investing activities	(139 609 514)	(28 036 396)	(167 645 910)	(167 645 910)	(124 011 144)	43 634 766	74 %	89 %	(135 101 361)
Cash flow from financing activities									
Long term liabilities	34 744 788	-	34 744 788	34 744 788	-	(34 744 788)	- %	- %	-
Repayment of other other financial liabilities	(23 074 597)	-	(23 074 597)	(23 074 597)	(17 836 031)	5 238 566	77 %	77 %	(35 867 227)
Finance lease payments	(1 500 000)	-	(1 500 000)	(1 500 000)	(4 686 687)	(3 186 687)	312 %	312 %	4 619 823
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	10 170 191	-	10 170 191	10 170 191	(22 522 718)	(32 692 909)	(221)%	(221)%	(31 247 404)

**Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2018**

2017/2018

2016/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Net increase/(decrease) in cash held	(886 008)	(22 006 396)	(22 892 404)	(22 892 404)	(24 494 440)	(1 602 036)	107 %	2 765 %	(22 926 842)
Cash/cash equivalents at the year begin:	12 342 983	19 496 188	31 839 171	31 839 171	32 550 519	711 348			55 477 361
Cash/cash equivalents at the year end:	11 456 975	(2 510 208)	8 946 767	8 946 767	8 056 079	(890 688)	90 %	70 %	32 550 519